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97TH CONGRESS
2d Session

SENATE

REPORT
No. 97–464

INTERNATIONAL SECURITY ENHANCEMENT ACT OF 1982

REPORT

OF THE

COMMITTEE ON FOREIGN RELATIONS

ON

S. 2608

together with

ADDITIONAL VIEWS

TO AMEND THE FOREIGN ASSISTANCE ACT OF 1961 AND THE ARMS EXPORT CONTROL ACT TO PROVIDE ADDITIONAL AUTHORIZATIONS FOR APPROPRIATIONS FOR FISCAL YEAR 1983 PRIMARILY FOR SECURITY ASSISTANCE PROGRAMS, AND FOR OTHER PURPOSES

Including Comments by the Committee on Agriculture, Nutrition, and Forestry

ON

Public Law 480

MAY 28, 1982.—Ordered to be printed
Filed under authority of the order of the Senate of May 12 (legislative day, May 11), 1982

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INTERNATIONAL SECURITY ENHANCEMENT ACT OF 1982

MAY 28, 1982.—Ordered to be printed
Filed under authority of the order of the Senate of MAY 12 (legislative day, MAY 11), 1982

Mr. PERCY, from the Committee on Foreign Relations, submitted the following

REPORT

[To accompany S. 2608]

The Committee on Foreign Relations, having under consideration an original bill to amend the Foreign Assistance Act of 1961 and the Arms Export Control Act to provide additional authorizations for appropriations for fiscal year 1983 primarily for security assistance programs, and for other purposes, reports favorably thereon and recommends that the bill do pass.

PURPOSE OF THE BILL AND SUMMARY OF AUTHORIZATIONS

This bill contains authorization for appropriations of $786.3 million, primarily for security assistance programs. The chart below compares the authorizations for these programs contained in the International Security and Development Cooperation Act of 1981 with the new authorization levels. The 1981 bill contains a total authorization of $5,960,600,000 for fiscal year 1983 foreign aid programs. The increase proposed by the Committee in this bill represents a reduction from the President's request of about $285 million. The Committee also provided market rate foreign military sales loan guarantees of $3,980.8 million for fiscal year 1983, a $52 million increase over the President's request.

AUTHORIZATIONS FOR APPROPRIATIONS INCLUDED IN THIS BILL

[In millions of dollars]

	Current authorization	Committee mark	New authorization
FMS forgiven credit (grant)	800.0	1,300.0	(+)500.0
MAP grant	238.5	372.5	(+)134.0
Grant training (IMET)	42.0	53.4	(+)11.4
Peacekeeping operations	19.0	43.5	(+)24.5
Antiterrorism	0	5.0	(+)5.0
Economic support fund	2,723.5	2,829.0	(+)105.5
International narcotics control	37.7	40.0	(+)2.3
Trade and development	6.9	10.5	(+)3.6
Total			(+)786.3

SUMMARY OF MAJOR PROVISIONS

The International Security Enhancement Act of 1982 contains the following major provisions:

(1) It authorizes an additional $500 million in foreign military sales grants for Israel and Egypt, for a fiscal year 1983 grant military aid total of $850 million for Israel and $400 million for Egypt.

(1) It provides an additional $125 million in Economic Support Fund assistance for Israel, for a total of $910 million.

(3) It freezes security assistance to El Salvador and Zaire at the fiscal year 1982 level and places conditions on future aid to these two countries.

(4) It provides full funding at the President's request for the International Narcotics Control Program, the grant military training program, and the new anti-terrorism program.

(5) It provides higher levels of grant military assistance to strategically important countries such as Turkey, Portugal, Tunisia, Morocco, the Sudan, Thailand, Kenya and Somalia.

(6) It provides foreign military sales guaranteed loans for other strategically important countries such as Greece, Spain and Pakistan.

(7) It provides a Presidential waiver so that at some future date assistance might be given to the People's Republic of China.

(8) It assures that development assistance funds are used to benefit directly those living in absolute or relative poverty.

COMMITTEE ACTION

S. 2227, to amend the Foreign Assistance Act of 1961 and the Arms Export Control Act, to authorize additional security and development assistance programs for fiscal years 1983 and 1984, and for other purposes, was introduced on March 17, 1982 by Senator Percy as requested by the Department of State in their letter of March 10.

The Foreign Relations Committee held public hearings on this bill as follows:

April 14, 1982—Overview of the foreign aid request for fiscal year 1983.

April 15, 1982—Foreign assistance to the Middle East.

April 15, 1982—Foreign assistance to southern Europe.

April 16, 1982—Foreign assistance to Central America.

April 26, 1982—Foreign assistance to Asia (2 sessions).

May 26, 1982—Foreign assistance to El Salvador, with emphasis on the land reform program. (A portion of this hearing was held in executive session.)

During these hearings the Committee received testimony from 20 officials of the executive branch, and nine witnesses from the private sector.

In addition to the above listed hearings, foreign assistance to the Caribbean area, El Salvador in particular, was covered in hearings held on March 25, March 31, April 1, April 20, April 27 and May 4, 1982. A total of 27 witnesses—congressional, executive branch and non-governmental—testified.

On May 20, 25, 26 and 27, 1982, the Committee met for the purpose of marking up S. 2227. The following record votes were taken:

On May 26, by a vote of 12–0, the amendment to freeze aid to El Salvador at the 1982 level with reconsideration on the floor to increase aid if progress is made on the land reform program was adopted. Those voting were Senators Percy, Mathias, Kassebaum, Boschwitz, Pell, Biden, Glenn, Sarbanes, Zorinsky, Tsongas, Cranston and Dodd.

On May 26, the amendment to add $125 million in additional Economic Support Funds for Israel was adopted 9–8. Those voting for the amendment were Senators Boschwitz, Pell, Biden, Glenn, Sarbanes, Zorinsky, Tsongas, Cranston and Dodd. Those opposed were Senators Percy, Baker, Helms, Hayakawa, Lugar, Mathias, Kassebaum and Pressler.

On May 26, a Percy substitute to the above amendment which would direct the administration to study Israel's debt problem and suggest solutions to Congress was defeated 7–9. Those voting in favor were Senators Percy, Baker, Helms, Hayakawa, Lungar, Mathias and Kassebaum. Those in opposition were Senators Boschwitz, Pell, Biden, Glenn, Sarbanes, Zorinsky, Tsongas, Cranston and Dodd.

By a vote of 12–4 on May 27 the Committee ordered reported favorably an original bill. Ayes: Senators Percy, Hayakawa, Lugar, Mathias, Boschwitz, Pell, Biden, Glenn, Sarbanes, Tsongas, Cranston and Dodd. Noes: Senators Helms, Kassebaum, Pressler and Zorinsky.

1. JUSTIFICATION FOR THE SECURITY ASSISTANCE ENHANCEMENT ACT

In December 1981, Congress passed, and the President signed into law, the International Security and Development Cooperation Act of 1981, providing a two year authorization for security, development and military assistance programs. Subsequently the President submitted to Congress, in conjunction with his fiscal 1983 budget proposals, a security assistance request which would have provided an additional $1 billion in budget authority above already authorized fiscal 1983 security assistance levels.

After careful deliberation the Committee agreed with the administration that, in general, the President's fiscal 1983 request represented a significant reassessment of foreign assistance priorities which would set the tone and policy directives for these programs in the coming decade. Cognizant of the serious constraints on the overall budget, and mindful of its responsibility to report its recommendations for funding levels for programs related to our foreign affairs, the Committee reduced the President's request by about $285 million. Notwithstanding this significant reduction, the Committee believed that augmentation of current authorizations for security assistance programs was necessary to accommodate pressing national security needs in the Middle East, the Mediterranean, Central America and the Caribbean, and in emerging, strategically important relationships on the Horn of Africa.

As the following letters from President Reagan and Secretary of State Alexander Haig make clear, these programs fill a vital role in the carrying-out of U.S. foreign policy.

THE WHITE HOUSE,
Washington, May 19, 1982.

Hon. CHARLES H. PERCY,
Chairman, Senate Foreign Relations Committee, U.S. Senate, Washington, D.C.

DEAR CHUCK: As the Foreign Relations Committee approaches markup on the fiscal year 1983 Foreign Assistance Act, I wish to underscore my personal commitment to full funding of my request. Moreover, I ask you to inform all members of the Committee that these increases are fully consistent with the Administration's support of the Domenici budget mark, and can be accommodated within the First Budget Resolution I am endorsing.

We have taken steps to ensure that this bill contains adequate funding to deal with the pressing problems of economic and social development in the Third World. However, I have to emphasize that without the additional security assistance resources we are requesting, critical foreign policy objectives in support of specific national security goals would have to be abandoned or severely retrenched. For example:

Israel and Egypt would be deprived of the additional resources necessary to reinforce the post-Sadat peace process at a time when radical elements are working to unravel the tenuous cease-fire in Lebanon and to undermine the Mubarak regime;

Moderate states threatened directly by the Soviets (e.g. Pakistan) or by their Libyan/Ethiopian surrogates (Tunisia, Morocco, Sudan, Somalia) would be deprived of tangible American support when they need it, putting at doubt our ability to call on them when our own interests in the Middle East or the Persian Gulf are threatened;

Portugal, Spain and Turkey would be prevented from rebuilding their outmoded defense capabilities: NATO's southern flank would be vulnerable and we would jeopardize their cooperation in meeting threats beyond the Alliance's boundaries;

The momentum of the acclaimed Caribbean Basin Initiative would falter and the overwhelming plebiscite of the Salvadoran people for democracy would be left to wither.

In addressing our economic problems at home, it would be irresponsible and dangerous to pay the cost of abandoning vital foreign policy interests. The House Foreign Affairs Committee last week approved most of the Administration's request, and I now urge that the Foreign Relations Committee once again demonstrate the bipartisan leadership for which it is justly heralded by approving full funding of our request.

We vitally need the support and leadership of the Foreign Relations Committee to safeguard our national interests in these perilous times.

Sincerely,

Ronald Reagan.

The Secretary of State,
Washington, D.C., May 1, 1982.

Hon. Charles H. Percy,
Chairman, Committee on Foreign Relations,
U.S. Senate.

Dear Mr. Chairman: Your support in securing full funding contained in the President's fiscal year 1983 foreign assistance authorization request which the SFRC is about to mark-up is urgently needed. The requested increases of $1 billion of budget authority (and $660 million in off-budget FMS guarantees) are essential to meet our critical national security and foreign policy objectives in an increasingly perilous international environment.

Certainly the political difficulties of supporting foreign assistance in trying economic times are very real, but the costs to the nation of retrenching our commitments or abandoning our obligations to friends and allies would be infinitely greater.

As you are well aware, we cannot defend America's strategic interests in the Middle East, Persian Gulf, the Caribbean and Asia without the cooperation of other countries. That requires resources which translate into bases, military transit/access rights in time of crisis, and the ability of our friends to stave off external threats from the Soviets and their surrogates while building economic and social stability at home.

We simply must have the resources to demonstrate that the United States is a credible ally. Without the tightly targeted increases the President has asked for, we would be unable to meet such vital national objectives as:

Continuing the Middle East Peace Process with increased support for Israel and Egypt;

Strengthening the military and economic posture of Tunisia, Morocco, Pakistan, Somalia, Sudan, Kenya which are threatened by the Soviets or their Libyan/Ethiopian surrogates, or which would be vital to our own Persian Gulf access strategy in a time of crisis;

Buttressing NATO's deteriorating Southern Flank against the Soviets and reinforcing Spanish, Portuguese, and Turkish cooperation in meeting threats beyond the Alliance's geographic boundaries;

Maintaining the momentum for economic growth represented by the President's fiscal year 1983 Caribbean Basin Initiative.

Needless to say, none of these vital national interests can be sacrificed. Full funding of the resources we need to protect our Nation's vital interests is essential. We need your support.

Alexander M. Haig, Jr.

2. THE FIRST CONCURRENT BUDGET RESOLUTION

The Committee recognizes the tight budget situation for fiscal 1983 and is recommending a bill to the Senate that it believes is fully consistent with the First Budget Resolution agreed to by the Senate on May 21, 1982. Because several major programs in the International Affairs Function are not under the jurisdiction of the Foreign Relations Committee, the Committee has assumed that other Committees responsible for such programs will also keep them within the Senate budget totals. For its part, the Foreign Relations Committee has made reductions of about $285 million from the President's request as its contribution toward maintaining the Budget Resolution totals for the International Affairs Function. If other Committees do their part, the authorization contained in this bill can be fully funded within the functional total of $16.2 billion in budget authority.

3. MILITARY ASSISTANCE LEVELS FOR FISCAL YEAR 1983

The following chart summarizes the military assistance program authorized by this bill and the International Security and Development Cooperation Act of 1981. This chart is intended to be illustrative except where specific earmarks or limitations are made by the Committee.

MAJOR MILITARY AID PROGRAMS BY COUNTRY

[In millions of dollars]

	Grant	Guaranteed loans
Israel	850.0	850.0
Egypt	400.0	900.0
Sudan	50.0	50.0
Subtotal (FMS grant countries)	1,300.0	
Turkey	110.0	290.0
Greece		280.0
Spain		400.0
Pakistan		275.0
Portugal	37.5	52.5
Jordan		75.0
Tunisia	35.0	105.0
Morocco	25.0	75.0
El Salvador	8.5	16.5
Thailand	25.0	66.0
South Korea		210.0
Kenya	17.5	17.5
Somalia	15.0	15.0
Zaire	3.0	7.5
Other	58.5	296.3
MAP administrative costs	37.5	
Subtotal (MAP countries)	372.5	
Total, grant aid	1,672.5	
Total, FMS guarantees		3,980.8

4. ISRAEL'S DEBT SITUATION

The Committee finds that the continuation of the peace process in the Middle East is vitally important to U.S. security interests in the region. The Committee finds further than an economically and militarily secure Israel would have the incentive and confidence to continue pursuing the peace process. With the completion of Israel's withdrawal from the Sinai under the Egypt-Israel Treaty of Peace, Israel incurred severe economic burdens which have worsened its external debt problems. Therefore, the Committee believes that consideration should be given to establishing the principle that economic support funds allocated to Israel under chapter 4 of part II of the Foreign Assistance Act of 1961 should not be less than the annual debt repayment (interest and principal) from the Government of Israel to the Government of the United States, until such time as economic conditions allow Israel to service its debt to the United States without incurring an overly heavy reliance on high cost commercial borrowing or suffering an economic depression.

Under section 723 of Public Law 97-113, the President is required to submit an annual report to the Speaker of the House of Representatives and the Chairman of the Committee on Foreign Relations of the Senate concerning the economic conditions prevailing in Israel and Egypt which may affect their respective ability to meet their external debt obligations and to stabilize their economies.

The 1982 report submitted to the Committee found the following:

> Israel's prospects for resolving its balance of payments problem and successfully managing its external debt depend heavily upon developments in four areas:
>
> a. The price of imported energy;
>
> b. Economic conditions in the countries with which Israel trades;
>
> c. Political and military developments in the Middle East and their impact on Israel's defense spending; and
>
> d. The rate and pattern of growth in the Israeli economy.
>
> All four factors affect the size of the current account deficit, the willingness of private foreign investors and lenders to finance that deficit and the rate of domestic inflation. Of the four, only the last—the rate and pattern of growth in Israeli economy—is directly and substantially subject to the control of the Israeli authorities. . . . it is important to stress that developments in one or more of these areas can have an important bearing on the balance of payments ad inflation outcome for better or worse, and, therefore, the U.S. Government continues to reassess Israel's requirements in light of the changing political, military, and economic conditions.

a. Reasons for israel's debt service problems

The Yom Kippur War in 1973 cost Israel heavily in both manpower and materiel. Israel suffered an estimated 11,600 casualties, including 2,800 killed. In addition, Israel lost nearly one-quarter of its air force (109 planes out of 476) and suffered damage to 236 others. Some 840 tanks were damaged with 440 destroyed, and 400 armored personnel carriers were lost.

The Yom Kippur War prompted the need for a major rebuilding of Israel's armed forces and since that War, Israel's need for both military and economic aid has increased considerably. This situation stems from factors largely beyond Israel's control. Among these factors are increased military expenditures in response to the military buildup by the Arab states. Syria, Iraq, Jordan, Libya, Saudi Arabia, Kuwait, and the United Arab Emirates have received or ordered an estimated $102 billion in arms purchases since 1973.

Israel's withdrawal from the Sinai and return of the Abu Rudeis and Alma oil fields to Egypt also added to Israel's economic burdens. In the Sinai withdrawal, Israel gave up the future prospect of oil self-sufficiency and incurred an annual petroleum bill which is now about $2 billion.

The redeployment of the Israeli Defense Forces from the Sinai to the Negev is now estimated to cost $5 billion. Of that amount, the United States provided $800 million in grant aid toward the estimated cost of $1,100 million to construct two new airbases in the Negev. The final cost exceeding the original estimate of $800 million by $300 million. The balance of the redeployment aid, $2.4 billion, was provided in the form of FMS loans. Because of the inflationary impact of the redeployment, Israel is stretching out the construction over a six-year period, rather than three years as originally planned. Thus, $1,067,600,000 of the redeployment loans remain unutilized, to date.

High interest rates in the United States and the world recession, particularly in Western Europe which is the major source of Israel's export markets, have impacted upon Israel's foreign exchange earnings. While holding its own, Israel's export growth has slowed considerably when compared with past experience.

b. Debt service structure

In recent years, Israel has been forced to increase short-term borrowing in an effort to meet debt repayments to the United States. Together with the decline in foreign currency reserves in 1981 and 1982, a further deterioration of Israel's net reserve position would undermine Israel's standing in international capital markets and limit its ability to raise funds at regular interest rates.

Prior to the Yom Kippur War, Israel's debt structure was more than manageable. In fact, it was almost nonexistent. Debt service last year was $3.5 billion, of which $1.9 billion was in the form of interest. This compares to a debt service of $600 million in 1972.

c. Future projections of debt service to the United States

The debt service payment to the United States is estimated to be $910 million next year, $970 million in 1984, and slightly more than $1 billion in 1985. The amount of the increase in the debt service will be contingent upon the following factors:

1. Whether Israel's qualitative edge continues to erode in light of the continued military build-up among the potential confrontation states of the Arab world. This would necessitate increased arms purchases on Israel's part.
2. Whether the present oil glut will continue to hold petroleum prices down.
3. Whether the global recession will end, thereby facilitating the growth in Israel's exports from $10.9 billion in 1981 to a projected $22.5 billion in 1985 at current prices.

d. Summary

In light of these factors, it is the intention of the Committee to review thoroughly Israel's needs. Last year, the Committee authorized a two-year bill, which the President signed into law. In that legislation, Israel's economic support fund allocation for the full two years was provided on a grant basis. In addition, $550 million of the $1.4 billion in FMS credits were provided in the form of grants. However, the Administration presented a budget for fiscal year 1983 which represented a regression from what had already been authorized by the Congress and signed into law by the President. The Administration request reduced Israel's grant FMS assistance by $50 million and shifted $260 million of Israel's grant ESF allocation to concessional loans. The action taken by the Committee during the consideration of the request for fiscal year 1983 reflects the seriousness with which the Committee views the Israeli debt service problem. Therefore, when the Administration prepares its fiscal year 1984 foreign assistance request for presentation to the Congress, Israel's debt service requirements to the United States should be addressed adequately within the context of that request.

The Committee is concerned that the economic problems of Israel pose as much as threat to its security as losing the qualitative edge over their potential adversaries in the region. This is a problem which the U.S. and Israeli Governments must give highest priority.

In light of this concern, the Committee for fiscal year 1983:

Added $300 million to its original authorization of $550 million for forgiven FMS credits to Israel;

Added $125 million for ESF assistance for Israel to the $785 million already authorized; and

Provided for the entire $910 million ESF program as a grant, rather than one-third loans as requested.

5. AID LEVELS FOR GREECE AND TURKEY

In considering the Administration's military assistance requests for Greece and Turkey, the Committee took special care to maintain the military balance in the Eastern Mediterranean. It is the intention of the Committee that only $400 million in military aid be provided for Turkey in fiscal year 1983, of which $110 million shall be grant and $290 million shall be a guaranteed loan. The Committee retained its earmark of $280 million in foreign military sales financing for Greece.

6. DEVELOPMENT ASSISTANCE

The Committee wishes to reaffirm its strong support for the concept that development assistance funds should be used primarily for programs which lead to meeting the basic human needs of the poor majority in developing countries as set out in the New Direction legislation of 1973. This commitment was underscored by the action the Committee took in refusing the Administration's request for increased funding for the education and selected development accounts, and in accepting an amendment introduced by Senator Mathias which required that 50 percent of AID programs directly benefits the poor.

With respect to the functional development accounts, the Committee was aware that although the Administration requested increased authority for two accounts, those increases paralleled reductions in the appropriations requested for the population and health accounts.

These accounts are both oriented towards providing critical services to the poor—to help them obtain basic health services, and to provide them with the knowledge and means to make decisions regarding their desired family size. The Committee was not presented with sufficient justification for making such a shift among accounts.

The Administration justified its increases to the education and selected development accounts as a means of increasing programs aimed at stimulating the private sector. In principal, the Committee is open to greater emphasis on private sector development activities. However, other than putting in place the bureaucratic structure to stimulate such activities (i.e., the creation of the Bureau for Private Enterprise), the Committee has not yet seen much in the way of concrete programs or plans in this area. The Committee notes that AID already possesses sufficient authority in section 109 of the Foreign Assistance Act to transfer funds from one account to another on a case by case basis. The Committee expresses its willingness to consider the use of this authority to increase private sector activities when appropriate programs justifications are presented to it.

The acceptance of the Mathias amendment by the Committee is intended to reinforce and to make more concrete the New Directions mandate that AID programs should directly benefit the poorest members of society. The Committee notes that this reaffirmation is not inconsistent with activities that relate to the private sector. Programs which stimulate the production by or employment of the poorest members of society—in agriculture, small industry, and services—can contribute to meeting the 50-percent quota contained in the Mathias amendment.

The Committee also wishes to express concern regarding the relationship between AID and the private and voluntary organizations (PVOs). Last year the Congress adopted language which originated in this Committee that required AID to channel at least 12 percent of its funds through private and voluntary agencies, and aim towards a target of 16 percent. In fact, AID's current projections indicate that the percentage of funds going to the PVOs in fiscal 1982 will be slightly less than in fiscal 1981. The Committee reiterates its desire to see this trend reversed, and may consider further statutory language in next year's authorization bill if it is not.

The Committee continues to follow with interest AID's progress in implementing Section 113 of the Foreign Assistance Act, relating to women in development activities. We request and look forward to receiving an updated report from AID's Women in Development Office at the end of calendar year 1982 describing projects undertaken and progress achieved over the past two years. The Committee expects the report to discuss Agency strategy for promoting women in development concerns and to include information on: expenditures for women in development activities, efforts to integrate women in development components in larger development projects, and programs to develop staff expertise on the subject.

On the initiative of the Chairman of this Committee, the fiscal year 1982–83 foreign aid authorization bill earmarked $500,000 in bilateral funds for fiscal year 1982 "to be used to fund international programs to support the original goals of the UN Decade for Women."

This sum was to be additional to funds otherwise programmed under Section 113 of the Foreign Assistance Act. The Committee encourages AID to make a similar commitment in fiscal 1983.

7. INTERNATIONAL ORGANIZATIONS AND PROGRAMS

The Committee continues to strongly endorse the activities carried out by the international organizations for which funds are authorized in the International Organizations and Programs account. The Committee has particularly singled out the important work of UNICEF, the UN Development Program, and the UN Environmental Program. The request by the Administration to drop the earmarks from current legislation for those programs, and the drastically reduced request for appropriations for this account, are viewed with considerable alarm by the Committee. The Committee has refused to drop its earmarks, and hopes that the total account will continue to be funded at current levels. Were it not for the budgetary limits the Committee faces this year, increases for this account and specific programs within it would have been given serious consideration by the Committee.

8. COMMENTS ON SPECIFIC COUNTRY PROGRAMS

(*a*) *Assistance to Pakistan*

The bill provides $475,000,000 in economic support funds and foreign military sales credits to Pakistan as part of a six-year $3.2 billion assistance package negotiated by the Administration last year. The legislation authorizing such assistance, Section 620E of the Foreign Assistance Act of 1961, as amended, states "In authorizing assistance to Pakistan, it is the intent of Congress to promote the expeditious restoration of full civil liberties and representative government in Pakistan."

The Committee is concerned over the lack of sufficient progress toward these objectives. Several thousand Pakistani political figures continue to be detained, some under very difficult conditions. There have been credible reports of torture and abuse of such prisoners. Basic civil liberties, including freedom of the press and freedom of association, continue to be denied and the Pakistani government has shown no indication of moving to hold free elections.

The failure of the government of Pakistan to restore civil liberties and to move toward democracy tends to undermine public support in both countries for the United States-Pakistani relationship. The failure to improve the human rights situation and to democratize could also jeopardize authorization and appropriations of assistance in future years.

The Committee is aware that Pakistan has released certain prominent political prisoners such as PPP leader Nusrat Bhutto and has improved the conditions of confinement of others. The Committee also appreciates the generous humanitarian role Pakistan has undertaken in providing asylum, shelter and sustenance to more than two million Afghan refugees. Overall, however, the human rights situation in Pakistan has not shown sufficieint improvement in the last year.

In authorizing assistance for Pakistan for fiscal year 1983, the Committee expects the Administration to continue to speak out in favor of democracy in Pakistan and to continue to work privately, and where appropriate publicly, on behalf of political prisoners.

(*b*) *Assistance to Bangladesh*

The Committee has approved continued assistance to Bangladesh because of the United States' humanitarian commitment to the people of Bangladesh. The Committee is concerned, however, at the recent overthrow of the democratic process established by the late President Ziaur Rahman. The Committee hopes that United States assistance will enable Bangladesh to return to representative government as quickly as possible. The Committee also notes that any serious human rights abuses, including the arbitrary arrest, prolonged detention or execution of opposition political figures, could have adverse consequences on future U.S. assistance.

(*c*) *Extended Credit Terms for Thailand*

The Committee believes that the President should transmit with his fiscal year 1984 Congressional presentation materials a report with respect to foreign military sales to Thailand containing his recommendations with regard to permitting repayment in not more than twenty years, following a grace period of ten years on repayment of the principal.

The Committee recognizes the serious nature of the military threat to Thailand. There are now 200,000 Soviet-supplied Vietnamese troops in neighboring Kampuchea (Cambodia). Eighty thousand of these are stationed on the Thai-Kampuchea border and there have been numerous incursions by the Vietnamese forces into Thai territory in recent years. Another 50,000 Vietnamese troops occupy Laos. There is also a Soviet air and naval presence in Cam Ranh Bay and Da Nang in Vietnam and in the South China Sea. Recently the Soviet fleet was deployed to the Gulf of Thailand. The Association of Southeast Asian Nations (ASEAN) considers Thailand as the "frontline" state facing Communist aggression in the region and they view U.S. willingness to provide tangible evidence of U.S. concern for Thailand as an important expression of our attitude toward the region as a whole.

The Committee recognizes that unless adjustments are made in credit terms, Thailand is expected to incur serious debt servicing problems in the next few years. Thai defense expenditures have been slowed by budgetary shortfalls created by pressing needs of the rural poor, the quadrupling of the price of imported oil in recent years, and the high costs of caring for hundreds of thousands of Indochinese refugees who have fled Communist domination and sought asylum in Thailand.

The Committee notes that the Administration has testified to the Congress that FMS on the softest possible terms would be helpful if Thailand is to maintain its force modernization. The Committee agrees with the Administration's concern and urges the President to consider as one option extended repayment terms on foreign military sales in its budget request for fiscal year 1984.

(*d*) *ESF for Lebanon*

The Administration requested $8 million in ESF funds for Lebanon. The Committee concurs that this is the minimum which should be made available and expects that $8 million or more should be extended in Lebanon for relief and rehabilitation programs of international and private voluntary agencies and other not-for-profit United States organizations operating in Lebanon.

It is not the Committee's intention by this language to exclude the possibility of ESF funds going to relief and rehabilitation programs of the Government of Lebanon. On the contrary, the Committee feels the government should be supported.

It is the Committee's intent, however, that a portion of these funds should be made available to the American University of Beirut. The Administration's request for Lebanon for fiscal year 1983 was increased by $3 million over its request for fiscal year 1982 in order than funds in this amount might be available for AUB. The Committee strongly supports assisting AUB at this level, and its action in endorsing the Administration's request is done with this understanding.

AUB remains one of the few institutions in Lebanon which serves all factions there. In fact, it is a vital institution not only for Lebanon, but for the Middle East as a whole. It is one of the United States' greatest achievements there, and it is a symbol of America's concern and her high ideals. AUB represents a common ground on which the often divided people of this region cannot disagree, and for that reason it is one of our best assets for promoting understanding.

The on-going hostilities in Lebanon and the country's uncontrolled inflation have caused serious financial difficulties for the university. AUB is attempting to meet this challenge through major cost-cutting and stringent financial reforms, including rapid increases in tuition rates. The university also has undertaken to increase revenues from private donors and to increase earnings through expansion of its extension service. But in the meantime AUB needs additional assistance from the U.S. Government, and on the advice of Ambassador Philip Habib, the President supports special financial assistance so the university could continue its work. This year's increase in ESF funds for Lebanon is to help meet that commitment.

* * * mindedness which are taught at AUB, together with the economic development to which the university is such a major contributor, are in the final analysis the best hope for long-term peace and stability in the Middle East.

(*e*) *Aid to Morocco*

In light of the rising levels of U.S. foreign military sales to Morocco and because the war in the Western Sahara between Morocco and the Polisario is increasingly a conventional conflict rather than a guerrilla war, the Committee believes that Morocco should intensify and continue its efforts to achieve a negotiated resolution to the conflict.

As a recent Heritage Foundation study concluded, the pursuit of a negotiated settlement to this war is a ripe opportunity which Morocco, the Polisario, the United States and other interested parties should encourage and promote. Continued U.S. assistance to Morocco should be consistent with Morocco's pursuit of a negotiated, rather than a military, solution to the conflict in the Western Sahara.

9. ASIA FOUNDATION

In response to an amendment by Senator Glenn to earmark $5 million in Economic Support funds for the Asia Foundation, the Committee decided to urge the President to consider making available to the Asia Foundation in fiscal year 1983 up to $5 million in addition to the funds authorized in the Foreign Relations Authorization Act. The Committee requests from the President a report to be sent to the Senate Foreign Relations Committee along with the Congressional Presentation Document for fiscal year 1984 outlining the Administration's recommendations and views on the long-term future of the Foundation.

SECTION-BY-SECTION ANALYSIS

TITLE I—MILITARY SALES AND RELATED PROGRAMS

Sec. 101—FMS credit authorization and aggregate ceilings

Section 101(a) authorizes the appropriation of $500 million in additional foreign military sales forgiven credits (grants) for fiscal year 1983. When combined with the earlier authorization, $1.3 billion is authorized to be appropriated for such purposes.

Section 101(b) increases the overall forgiven credit ceiling by $500 million to a total of $1.3 billion.

The Committee notes that this $500 million increase in grant (forgiven) FMS credits are provided and earmarked for Israel and Egypt.

Section 101(c) increases the FMS guaranteed financing currently authorized for fiscal year 1983 by $711 million. The total program ceiling would be $3,980,800,000. Major increases would be provided to Israel, Egypt, Spain, and Pakistan.

Section 101(d) earmarks the overall level of military aid for Israel at $1.7 billion and the level of forgiven credits (grants) at $850 million.

Section 101(e) earmarks $400 million in FMS forgiven credits (grants) for Egypt and $50 million for the Sudan.

Section 101(f) provides extended repayment terms for Israel for its FMS guaranteed loan repayments and also provides forgiveness for the remaining $850 million in military aid.

Section 101(g) is an amendment proposed by Senators Tsongas and Kassebaum which places a ceiling of $7,000,000 in guaranteed FMS loans and $3,000,000 in grant military aid for Zaire in fiscal year 1983. The limitation represents a $500,000 decrease from the 1982 loan level, a freeze of grant levels, and a substantial decrease from levels requested by the Administration. The sense of the Committee was that reported diversions to private use of FMS equipment provided under earlier authorizations and Zaire's apparent inability or unwillingness to maintain that equipment raise serious questions about the effectiveness of a continued military aid program. The announcement by President Mobutu in recent weeks renouncing all American aid was cited in the discussion. The Committee wishes to send a clear message to Zairian authorities that reforms of Zaire's use of equipment provided under U.S. military aid programs are imperative.

Sec. 102—Criminal penalties

Section 102 is an amendment introduced by Senators Percy and Hayakawa which increases penalties for violations of the Arms Export Control Act and the International Traffic in Arms Regulations.

Under the Arms Export Control Act, a person who is convicted of violating the act or the International Traffic in Arms Regulations may be fined not more than $100,000 or imprisoned not more than two years, or both. The Committee believes these penalties are no longer sufficient and should be increased. As a result of amendments to the Export Administration Act of 1979 that were enacted on December 29, 1981, willful violators of the export laws administered by Commerce can be punished, in the case of individuals, with fines of up to $250,000 or imprisonment of not more than ten years, or both. In the case of willful violations with respect to corporations, the fine can be five times the value of the export or $1,000,000, whichever is greater.

It is ironic that willful violations of export laws relating to defense items controlled for national security and foreign policy reasons have substantially lower punishments. The amendment would, therefore, change Section 38 to impose comparable penalties. Because of the nature of the items involved and the need for effective deterrence, the Committee believes that a maximum $1,000,000 fine would be appropriate with respect to both individuals and corporations.

Sec. 103—Procurement outside the United States

Section 103 is an amendment offered by the Chairman which requires the President to inform the Chairman of the Senate Committee on Foreign Relations and the Chairman of the House Committee on Foreign Affairs 30 days in advance of any use of the authority in Section 42(c) of the Arms Export Control Act to use FMS funds for overseas procurement. The Committee believes that should an objection to a proposed overseas procurement be made by the Committee, the President should defer a final decision on such procurement until conserns had been satisfactorily resolved.

The Committee notes that several FMS recipients have developed indigenous arms industries which would allow for domestic procurement. A number of these countries are also interested in expanding their exports of domestically produced arms. The proposed amendment offers the Congress an opportunity to review proposed offshore procurements to insure that American FMS guaranteed credits and grants are not used in such a way as to encourage the establishment of an offshore arms production capacity which could then compete in third markets with U.S. produced goods, or even in the U.S. market, particularly if such competition could have a major negative impact on a particular firm or area. The Committee strongly believes that U.S. guaranteed credits and grants shoudl not be used in such a way as to expand the industrial base of an FMS recipient at the expense of the U.S. industrial base and of U.S. jobs.

The Committee notes that in time of emergency which requires the immediate purchase of offshore equipment with FMS credits or guarantees, that the President may waive the 30-day notification requirement by exercising his authorities under Section 614 of the Foreign Assistance Act.

Sec. 104—Representational funds

Section 104 of the bill amends Section 43(b) of the AECA to provide that the United States is to recover "extraordinary" as well as administrative expenses for services calculated under Section 21(e) (1)(A) of the AECA. The amendment will permit the use of FMS administrative funds to augment military assistance (MAP) funds available for security assistance representational activities.

It is the firm intention of the Committee that the combined total of representational funds authorized for these purposes—including appropriated funds and funds collected under this authority—shall not exceed $150,000 in fiscal year 1983, and that the increases in subsequent years above this ceiling shall not be greater than the amount necessary to compensate for inflation.

Sec. 105—Exchange training

Section 105 would provide for the establishment of a new chapter 2(B) in the AECA concerning exchange (barter) training. The President is authorized to provide foreign military personnel professional military education training only at U.S. war colleges and U.S. command and staff colleges in the United States. The training of each foreign student under this authority will be conditioned on the requirement that, commencing in the same U.S. fiscal year, a U.S. military student be trained in a foreign college which the U.S. military department involved determines to be comparable to its military colleges. Such exchanges would take place in accordance with bilateral agreements to be negotiated with foreign countries and international organizations after enactment.

It is the intention of the Committee that each country involved in the exchange training program would provide transportation costs for its nationals who participate in this program.

Sec. 106—Grant military assistance (MAP)

Section 106 authorizes an additional $134 million for grant military aid under the MAP program. The total authorized under this program for fiscal year 1983 would be $372.5 million. The President's request asked for $789 million in direct concessional loans for fiscal year 1983. The Committee took the same action in this bill as it took in last year's bill, which was to take half of the direct loan request and convert it to a grant program while converting the balance to FMS guarantees. In this manner, the overall concessionality of aid to key U.S. allies is preserved. Reductions were made in programs for Zaire and El Salvador, both of which were frozen at the fiscal year 1982 level.

Sec. 107—International military education and training

Section 107 authorizes the appropriation of $11.4 million for grant international military education and training programs in addition to funds previously authorized for fiscal year 1983 for those purposes. The total authorization for fiscal year 1983 for these programs would be $53.4 million.

The Committee notes that it has given the Administration added authority over the past several years to expand U.S. military training programs for foreign nationals. The Committee believes that these programs are a sound investment in U.S. national security and foreign policy.

Sec. 108—Peacekeeping Operations Authorization

Section 108 provides authorization for appropriations of an additional $24,474,000 for peacekeeping purposes in addition to funds already authorized for fiscal year 1983. The total program for fiscal year 1983 would be $43,474,000. The large increase from the fiscal year 1982 level is required because of the high costs associated with the new Multilateral Force and Observers (MFO) for the Sinai.

Sec. 109—Peacekeeping Operations Emergencies

Section 109 amends Section 552(c) of the FAA to provide that the President may draw down commodities and services of an aggregate value of not to exceed $10,000,000 each fiscal year from any United States Government agency for peacekeeping purposes if he determines that unforeseen circumstances have developed which necessitate immediate assistance under the peacekeeping provisions of the FAA. A new subsection (d) authorizes appropriations to reimburse the applicable account for emergency peacekeeping commodities and services rendered pursuant to this section. Section 652 of the FAA is amended to provide that if the President were to exercise this new authority, he would be required to notify the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate in writing that he intended to exercise this authority and to give a justification for and the extent of the exercise of such authority.

Sec. 110—Eligibility of the People's Republic of China for Assistance

Section 110 adds a new Section 620(y) to the Foreign Assistance Act. It is an amendment proposed by Senators Hayakawa and Glenn which would allow the President to authorize foreign assistance to the People's Republic of China provided the President certifies to the Congress that such assistance is important to the security of the United States. The provision overrides the prohibition against foreign assistance to China contained in Section 620(f). The Hayakawa/Glenn amendment substituted for an Administration proposal which would have struck the People's Republic of China and Tibet from the list of prohibited nations. The Committee, in making this change, recognizes that the People's Republic of China, although it has a communist form of government, is a non-allied nation which plays a helpful strategic role.

The Committee received assurances in a letter, dated May 13, 1982, signed by Assistant Secretary of State Powell A. Moore that no military assistance program is being contemplated for China. The letter further states that if, in the future, the initiation of military assistance is contemplated, the Senate Foreign Relations Committee will be consulted and the administration will proceed through the normal statutory process before funds can be expended. The Committee has been further assured that the Administration does not contemplate using reprogramming authority to provide military aid to China. It is the Committee's understanding, based on these assurances, that further congressional action is required beyond that taken in this legislation for China to become a recipient of U.S. military aid. The text of the Committee letter requesting assurances on military aid and the administration's response are as follows:

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C., May 3, 1982.

Hon. ALEXANDER HAIG, Jr.,
Secretary of State,
Washington, D.C.

DEAR MR. SECRETARY: We are writing in regard to the Administration's request that China be made eligible for foreign assistance. As you know, the Administration has proposed changes in the foreign assistance legislation to achieve this purpose.

Our understanding is that the Administration plans no bilateral assistance programs, Public Law 480 programs, or military assistance programs to China at this time, although the Administration would like to invite China to participate in several exchange and multilateral technical assistance programs proscribed by current law.

In principle, we do not object to the Administration's plans. But there are some concerns about the extensiveness of future programs to China and their effect on other ongoing assistance programs in an increasingly austere aid budget. We also have reservations about extending military assistance to China.

Bilateral assistance programs, as well as military assistance, for China would have to be considered by Congress through the normal authorization and appropriations processes. On the issue of military assistance, we would like assurance that the Administration will not use reprogramming authority to provide military assistance to China without first going through the normal authorization and appropriations processes, thus requiring further Congressional action beyond that taken this year.

Sincerely,

CHARLES H. PERCY,
Chairman.
S. I. HAYAKAWA,
Chairman, Subcommittee on East Asian and Pacific Affairs.
CLAIBORNE PELL,
Ranking Minority Member.
JOHN GLENN,
Ranking Minority Member, Subcommittee on East Asian and Pacific Affairs.

DEPARTMENT OF STATE,
Washington, D.C., May 13, 1982.

Hon. CHARLES H. PERCY,
Chairman, Senate Foreign Relations Committee.

DEAR MR. CHAIRMAN: I have been asked to respond to the letter which you and Senators Hayakawa, Pell, and Glenn sent to Secretary Haig on May 3 concerning China and amendments to the existing legislation on foreign assistance. I wish to reaffirm the assurances given your Committee on April 26 in testimony by Acting Assistant Secretary for East Asian and Pacific Affairs Thomas P. Shoesmith and to assure members of your Committee that no military assistance program is being contemplated for China.

Let me emphasize that the Administration's proposal to make China eligible for foreign assistance and Public Law 480 should in no way be construed as a request for the authorization or appropriation of funds. The request has no budgetary impact and is not designed to provide military assistance to China.

Rather, our intent was to remove outdated prohibitions which are inconsistent with our foreign policy and with our treatment of China as a friendly, non-allied country with which we share important strategic interests. The Administration has no present intention of proposing a Public Law 480 program, or an economic or military assistance program for China. If the prohibition on assistance is eliminated, however, we do intend to consider Chinese participation in certain on-going technical assistance programs for which funding is already available. We have already provided your Committee a paper describing the types of programs in which China might participate.

If, in the future, we should contemplate initiating assistance programs for China, we would at that time consult with the appropriate Committees of the Congress. Following such consultations, it would of course be necessary to proceed through the normal statutory process before funds could be expended.

With respect to your question on reprogramming, you can be assured that the Administration does not contemplate using the reprogramming authority to provide military assistance to China. If, at a future date, we propose to initiate military assistance to China, we would provide the details of such assistance in connection with our request for the authorization of foreign assistance funds for that year. The Congressional action we are requesting at this time is designed only to establish treatment for China consistent with our treatment of other friendly, non-allied nations.

I trust this letter responds to the concerns raised by you and your colleagues.

With cordial regards,

Sincerely,

Powell A. Moore,
Assistant Secretary for Congressional Relations.

The Committee commends the Agriculture Committee for its timely consideration of the Administration's proposal regarding Public Law 480 Food for Peace and supports the Agriculture Committee's decision to write report language which would state that the Administration's proposed amendment making China eligible for Public Law 480 is unnecessary. It is the Agriculture Committee's judgment that if the President believes that China neither dominates nor is dominated by a world Communist movement, he is free to designate China as a "friendly country" and, therefore, eligible for Public Law 480 under existing law.

The Committee found that, from a foreign policy point of view, the Agriculture Committee's views noted above are consistent with the Foreign Relations Committee's views. Because initiation of a Public Law 480 program would have important foreign policy implications, not only in regard to U.S.-PRC relations, but also in regard to its potential effects on other foreign nations, the President should also notify the Committee on Foreign Relations at least 90 days in advance of implementation of any Public Law 480 program with China. In a situation where Public Law 480 title II might be used to respond to a specific emergency, the Committee recognizes that it might be impossible to provide notification the full 90 days in advance and would accept the Administration's best efforts to provide prior notification.

Sec. 111—International narcotics program and military education and training notifications

Section 111 amends section 634A of the FAA to establish a threshold of $50,000 on advance reprogramming notices to the Congress for International Narcotics and IMET programs. Had such a threshold been in effect during fiscal year 1981, 16 of the 30 IMET notices would not have been required, thus permitting prompt execution of small, but politically sensitive training programs. This amendment would provide a fast reaction capability for response to opportunities that will impact on the illicit narcotics environment. Under this amendment no new program will be initiated for a country for which no program had previously been justified to the Congress for that fiscal year.

TITLE II—ANTI-TERRORISM ASSISTANCE

Title II of the bill creates a new chapter 8 in the Foreign Assistance Act of 1961 which creates an anti-terrorism assistance program. Chapter 8 consists of five sections related to anti-terrorism programs.

Section 571(a) authorizes the President to provide assistance to foreign countries to enhance the ability of their law enforcement officials to deter terrorists and terrorist groups from engaging in international terrorist acts such as bombing, kidnapping, assassination, hostage taking, and hijacking. Assistance is to be provided for training, commodities and equipment that would help to detect, deter and prevent acts of terrorism and manage such incidents if they occur.

The program would be exempt from the current prohibition in law against police training set forth in Section 660 of the Foreign Assistance Act. Present exemptions to the Section 660 prohibition are for international narcotics control and to curb illegal emigration.

Section 571(b) provides the authority for the U.S. Government to grant services and commodities for use in the program subject to reimbursement from funds authorized for this program.

According to the Administration, the agencies involved will agree upon the terms and conditions for reimbursement to such agencies from funds authorized for this program.

Section 571(c) provides the authority to "sell" anti-terrorism assistance to countries which are able to reimburse the U.S. Government for the program costs. In such cases, the participating country will be charged the actual additional costs of program assistance.

Section 571(c) also makes it clear that FMS credits and guarantees cannot be used to pay for assistance specifically authorized under this program.

The prohibition has been established because the Committee believes that allowing the use of FMS credits and guarantees is inconsistent with Congressional intent establishing the program and would serve as a back door means of increasing the $5 million specifically authorized by the Committee to carry out the program objectives.

Section 571(d) provides that the Assistant Secretary of State for Human Rights and Humanitarian Affairs shall be consulted in the development and implementation of the anti-terrorism program. The section is intended to ensure that respect for and observance of human rights is specifically considered in determining which countries are eligible for assistance and the type of assistance which is most appropriate for the country under consideration. This provision thus underscores the belief that the prevention and detection of terrorist acts must be closely tied to the continuing observance of and respect for fundamental human rights.

Section 571(e) sets forth a series of prohibitions and limitations on assistance provided pursuant to the program.

Subsection (e)(1) states that all training is to be conducted in the United States. This subsection reinforces the Administration's previous statements that it intends to carry out training at existing facilities in the United States, thus ensuring greater control over the quality, kind, and costs of training that is provided.

Subsection (e)(2) specifices that U.S. Government employees involved in the program are required to perform their responsibilities to the maximum extent possible in the United States. However, program officers may, while located outside the United States, for short periods not to exceed 30 calendar days, provide advice to program participants. This provision makes it clear that program officers are expected to perform their responsibilities in the United States and that only on a limited basis can they travel outside the United States to advise program participants. Such travel may be necessary to advise program participants onsite as to the most effective means available to implement and adapt skills acquired in the training program.

Subsection (e)(3) prohibits Department of State employees except certain Office of Security personnel from providing training or services to program participants. This subsection is intended to allay concerns that have been expressed about the propriety of the Department of State's involvement in a program which is concerned essentially with international law enforcement objectives. The prohibition reinforces the Department of State's involvement in a program which is concerned essentially with international law enforcement objectives. The prohibition reinforces the Department of State's role as the administrator of the program and not as a law enforcement agency providing technical instruction to program participants. A limited exception is made, however, for certain employees of the Office of Security of the State Department who are considered uniquely qualified to provide instruction on physical protection of diplomatic personnel and facilities. At present, the Office of Security is charged with providing such protection for the U.S. diplomatic facilities and personnel.

Subsection (e)(4) prohibits the transfer of defense articles on the munitions list under the commodity transfer authority of the program. The Administration has gone on record that a modest level of equipment transfer carried out pursuant to this program would include such items as passenger screening equipment for airports and explosive ordnance and bomb disposal equipment, and would not include highly sophisticated and expensive items. The prohibition therefore is intended to conform to the Administration's stated objective while limiting equipment exchanges to a reasonable range that would be of legitimate and specific application in detecting, preventing and managing terrorist incidents.

Subsection (e)(5) prohibits the provision of services, equipment, personnel or facilities involved in intelligence collection as defined in Executive Order 12333 of December 4, 1981.

This prohibition is intended to make clear that the antiterrorism assistance program is not in any respect a U.S. Government intelligence program and that it is not the intention of the Department of State to use the program in this manner. The prohibition also makes it clear that the program is not intended to enhance the police intelligence capabilities of the recipient government through the provision of services, equipment or training. However, this provision would not prohibit limited training in the organization of intelligence for anti-terrorism purposes as part of the program provided that such training shall be permitted only so long as it is of a character already available through agencies and departments of the Federal Government, other than the Department of State, at existing facilities located in the United States. Moreover, any training that is offered under this subsection shall not be conducted by employees of the Department of State.

It should be emphasized that it is the Committee's understanding that any such training that may be offered is to be completely divorced from any and all intelligence operations of the U.S. Government or any government participating in this program as well as any cooperation in operational intelligence matters between the U.S. Government and other governments. The program is solely intended to enhance the law enforcement capabilities of the participating country to deter, detect, and, if they occur, manage terrorist incidents.

Subsection (e)(6) provides for a three-year sunset on the program. Since it is in many respects a pilot program, the Committee believes it should be carefully and jointly reviewed by the Administration and the appropriate Committees of the Congress. Depending upon the success of the program in achieving its objectives, it may then be appropriate to extend the authority to carry out its functions.

Subsection (e)(7) requires a thirty-day advance notification to the Chairman of the Committee on Foreign Relations of the Senate and the Chairman of the Committee on Foreign Affairs of the House of Representatives prior to the obligation of funds made available under this authority of those countries that initially will be participating in the program. Such notification must specify the country receiving assistance, the type and value of the assistance, the terms and duration of the assistance, and an explanation of how the proposed assistance will further the program objectives. The subsection also provides authority to the Chairman of the Committees cited herein to request current reports on human rights practices with respect to those countries that will be participating initially in the program. If such a report is requested, no assistance shall be provided to the proposed program participant prior to transmittal of the report to the requesting Committee.

The notification and reporting requirements are intended to ensure proper advance Congressional notification and specifically, consultation on the original list of countries eligible to participate in the program. Providing the Committee Chairmen with the additional authority to request current human rights reports also assures that respect for and the observance of fundamental human rights remains an essential objective of the program.

Subsection (e)(8) provides that an annual report shall be provided to the Congress identifying the countries participating in the program including the type, place, and duration of the training being provided, numbers of personnel being trained, and type of equipment being transferred. This reporting requirement is intended to insure continuing Congressional oversight and enhance the fulfillment of the objectives of the program.

Section 572 provides the authorization to appropriate $5,000,000 to carry out the program during fiscal year 1983. Approximately $4,600,000 will be used for training and some equipment transfer and $400,000 for related management and administrative costs. According to the Administration, this amount of money should be adequate for fiscal year 1983 during which training may be provided to as many as 1,000 foreign participants from between 15 and 20 countries. Using the experience of other USG international exchange programs, the Administration estimates an average cost of approximately $4,000 for each trainee. Courses will run from one week to five or six, using an average of three weeks for cost estimates. Costs will be somewhat lower than those for most international exchange programs as the per diem maintenance rates are quite reasonable at FBI and Federal Law Enforcement Training Center facilities, particularly when compared with full per diem for individual travel around the United States.

The Administration also believes that some participating countries will pick up part if not all the costs for their trainees.

Section 573 sets forth the purposes of the program which are designed:

> (1) to enhance the law enforcement anti-terrorism skills of friendly countries by providing training and equipment to deter and counter terrorism; and
>
> (2) to strengthen our bilateral ties with friendly governments by offering concrete assistance in this area of great mutual concern and
>
> (3) increase respect for human rights by sharing with foreign civil authorities modern, humane, and effective anti-terrorism techniques.

Section 574 is intended to tighten the procedures for implementing existing anti-terrorism legislation. In late February, the Commerce Department, without proper consultations and minimal advance notice, changed the regulations implementing Section 6 of the Export Administration Act of 1979 (50 U.S.C. App. 2405). Under Section 6(i) of the Act, the State Department must provide thirty days advance notice to the Senate Foreign Relations and Banking Committees and the House Foreign Affairs Committee prior to the issuance of export licenses for goods or services valued at more than $7 million and which might enhance the military capability or ability to assist terrorist operations of countries which have repeatedly supported international terrorism. The new regulations, effective March 1, do not include Iraq on the terrorism list. In addition, the new regulations no longer require that Congress be notified of the proposed sale of large commercial aircraft to Syria and South Yemen (countries still on the terrorism list). Restrictions were also relaxed on the sale to South Africa of light aircraft, computer equipment and certain other items which might potentially be used by that country's security or military organizations.

The Committee on Foreign Relations, despite its significant responsibilities in the field of anti-terrorism, was not consulted prior to the abrupt changes in the regulations. Considerable skepticism also was expressed as to whether the removal of Iraq from the terrorism list was warranted. Many members also had doubts about the merits of relaxing the export regulations affecting South Africa.

Subsequently, the Committee held several briefings with representatives from the intelligence community, the State Department and Commerce Department. In addition, a public hearing followed by a classified hearing, were conducted March 18 by the Subcommittee on Near Eastern and South Asian Affairs.

In mid-April, the Commerce Department advised members of Congress that it planned to approve export licenses to Iraq for six L–100 cargo planes, the "civilian version" of the C–130 military transport plane. On May 22, 35 members of the Senate, including seven members of the Committee, wrote President Reagan opposing the sale. The letter said the proposed sale to Iraq was premature and that the modified regulations would "undermine our staunch opposition against international terrorism."

The letter also noted, "several Congressional Committees have received intelligence briefings and other information on Iraq. The evidence does not support the conclusions that terrorism is no longer an instrument of Iraqi national policy, even though its emphasis has changed."

Nevertheless, on May 21, the Administration replied that it considered the sale appropriate and noted that "Iraq has significantly reduced its support for international terrorism". The letter also said that, "if future events warrant, we will re-impose controls on Iraq."

On May 26, Administration officials informed Committee staff that the L–100 licenses had been approved the previous day.

It is against this background that the Committee approved an amendment providing for certain Congressional notification procedures that will enhance Congressional oversight of U.S. antiterrorism policy and export controls.

Section (a) of the amendment requires that any chages in the regulations implementing Section 6 of the Export Administration Act be made only upon 30-day written notification to the Committees on Foreign Relations and Banking of the Senate and the Committee on Foreign Affairs of the House of Representatives.

Sec. — (b) requires a 60-day notification to Congress before the executive branch removes any country from the terrorism list. The President also would have to certify to Congress that the country has not supported international terrorism or groups engaged in terrorism for the preceding 12 months.

The 60-day time period is intended to provide Congress with an opportunity to examine available evidence, both public and classified, to determine if the removal of a country from the list is justified. The manner in which Iraq was removed from the list at a time a major export license was pending, for example, enhanced the concern that the action was taken for commercial reasons rather than because Iraq actually had stopped supporting terrorism. The one-year period cited for the certification requirement is thus intended to provide an adequate bench-mark for gauging a country's behavior.

Section (c) provides a new procedure if the Administration wishes to approve an export license for goods and services covered under Sec. 6(i) of the Export Administration Act for a country still on the terrorism list. The Chairman or ranking minority member of the Senate Foreign Relations or Banking Committees or the House Foreign Affairs Committee may require the President to certify that the sale is necessary to the national security interest of the United States.

During the Committee discussion of the amendment, this formula was described as a compromise between the existing notification procedures and the Congressional veto procedure under the Arms Export Control Act. This requirement thus underscores the Committee's belief that, if "dual usage" equipment is sold to a country which supports terrorism, there must be some overriding justification which advances the national security interests of the United States.

On May 27, 1981, the Committee received a letter in which the State Department opposed reinstating the old regulations but said it would discuss "significant cases with interested committees of Congress in advance of licensing. Under these circumstances the Congress would have the opportunity to review Iraq cases and aircraft sales for Syria and South Yemen . . ." The Committee considers this as an assurance that Congress will be consulted by the Executive Branch as if the old regulations were formally in effect.

Senator Tsongas said that, in view of the delicate situation in the war between Iraq and Iran, he felt the Committee should not reimpose the previous regulations which would have the effect of putting Iraq on the list as well as reimposing certain controls on South Africa. However, he reserved the right to bring the matter up when the bill reached the floor.

Senator Percy then proposed on behalf of himself and Senator Boschwitz a compromise eliminating the section reinstating the previous regulations, noting that the House Committee had approved a similar provision. The Chairman said that, before the Committee went into conference with the House on the bill, the Committee could arrange an intelligence briefing to help it determine whether Iraq should be placed back on the terrorism list. The compromise was then agreed to without opposition.

Section 575 provides the administrative authority to carry out the program. Subsection (b) incorporates the program into the prohibitions on the provision of security assistance to any country the government of which engages in a consistent pattern of gross violations of internationally recognized human rights.

This provision reinforces the program objective of increasing respect for human rights by sharing with foreign civil authorities modern, humane, and effective anti-terrorism techniques. It does so by making program assistance subject to the same standards and level of review required of all security assistance requests initiated by the President.

Subsection (c) equates the provision of assistance under this program with military education and training for the purpose of Section 644(m)(5) of the Foreign Assistance Act.

TITLE III—ECONOMIC SUPPORT FUND

Sec. 301—Economic Support Fund Authorization

This section adds $105,500,000 to the funds already authorized for Economic Support Funds (ESF) in fiscal 1983, bringing total authorizations up to $2,829,000,000. Earmarks in current law, except for Israel (see below), are still maintained, including $750 million for Egypt, $20 million only for the private sector in Nicaragua, $5 million for Tunisia, $15 million for Cyprus, and $15 million for Costa Rica. These earmarks are, of course, minimum amounts and not ceilings. Including the new Israeli earmark, this leaves, $1,114,000,000 for other countries.

Sec. 302—Middle East Programs

This section increases the current earmarking of ESF funds for Israel to $910 million for fiscal year 1983. This increase reflects the Committee's concern about the increasing debt burden faced by the Israeli economy.

Sec. 303—Scholarships for Cypriot Students

This section reduces the fiscal year 1983 earmarking of $10 million for scholarships for Cypriots to study in the United States to $5 million. This reduction will provide greater flexibility to the President in administering the total $15 million earmark for Cyprus.

Sec. 304—Operating Expenses for Conducting ESF Programs

This section allows the President to use for AID operating expenses up to 10 percent of funds appropriated for the ESF in fiscal year 1983 which are in excess of regular appropriations for fiscal year 1982. The Administration had requested an increase of $40 million for operating expenses in fiscal 1983. The Committee rejected that request, as it intends to hold both fiscal year 1983 development programs and operating expenses to fiscal 1982 levels. However, the Committee does recognize that AID also administers ESF programs which are project focused or involve commodity imports. The Committee, therefore, provides this one-time authority for AID to have its operating funds increased to cover additional operating expenses directly related to conducting ESF programs.

The Committee recognizes that the Congress has over time consolidated all AID operating expenses into a single account, and supports that consolidation. It believes, however, that it makes sense in this instance to allow for an increase in operating expenses which is directly related to the marginal increase in costs incurred by any enlarged ESF program. It does not intend that this provision become a permanent feature of law, nor that it be seen as a tendency to depart from the general policy of maintaining a single AID operating authorization.

It should be noted that the authority provided in this section is in addition to authority presently contained in Section 610 of the FAA which allows transfers of funds from other provisions of the FAA into the AID Operating Expenses account. This additional authority is intended as a specific justification under the unique circumstances of this interim authorization.

TITLE IV—DEVELOPMENT ASSISTANCE AND OTHER PROGRAMS

Sec. 401—Agricultural and Productive Credit and Self-Help Community Development

This section extends the authority for the Agricultural and Productive Credit and Self-Help Community Development Programs, contained in Section 222A of the Foreign Assistance Act, through fiscal 1983. This program allows for credit guarantees for a small loan program in Latin America.

Sec. 402—International Narcotics Control

Section 403 provides full funding at the President's request for the international narcotics program operated by the Bureau for International Narcotics Matters at the Department of State. The fiscal 1983 authorization, recommended by the Committee, represents a slight $2.3 million increase above current authorization levels. In providing the full $40 million requested by the President the Committee wishes to reassert its belief that the international narcotics problem merits continued vigilance and policy attention at the highest levels of our foreign policy-making apparatus.

The Committee also notes with concern that the fiscal 1983 request for INM includes a 13 percent reduction in assistance for the Southeast Asian nations of Burma and Thailand, in the area known as the "Golden Triangle." On May 6, 1982 the Subcommittee on East Asian and Pacific Affairs of the Committee on Foreign Relations held hearings on the increased production of opium emanating from the "golden triangle." Testimony received from both the Assistant Secretary of State for International Narcotics Control and the Administrator of the Drug Enforcement Administration confirmed the seriousness of the problem, and the potential threat it poses not only to the region, but to the nations of Western Europe, Canada and the United States. Consequently the Committee expresses its concern at the decision to reduce program support for Thailand and Burma, and urges the Department of State, to the maximum extent feasible, to reconsider its aid levels for narcotics control programs in Southeast Asia. The problem of increased heroin flows from Southeast Asia ought to be of the highest priority in these programs.

Sec. 403—The Trade and Development Program

This section increases the authority for the Trade and Development Program (TDP) in fiscal year 1983 from $6,907,000 to $10,500,000. The Committee strongly supports the TDP, which allows AID to pay for feasibility studies by U.S. firms when a potential project is developmentally sound and may lead to major U.S. exports of goods or services. It is a cost effective program which has contributed to development, and has increased U.S. exports by several hundred million dollars. AID estimates that for each dollar spent in this program, roughly $100 in exports are generated.

Sec. 404—Directing Development Assistance to Those Living in Absolute or Relative Poverty

Section 404 of the bill contains an amendment offered by Senator Mathias and cosponsored by Senators Sarbanes, Cranston, and Kassebaum. The amendment provides that the President shall use not less than 50 percent of the funds made available annually for development assistance to finance assistance which will directly benefits those living in absolute or relative poverty as defined by the World Bank. The World Bank defines the absolute poverty line as that income level below which a person cannot afford a minimal nutritionally adequate diet plus essential non-food items. The World Bank defines relative poverty as one-third or less of the average per capita personal income of the country in which the person resides.

The purpose of the amendment is to ensure that persons living in absolute or relative poverty are the primary and direct beneficiaries of at least one-half of the U.S. development assistance program. The amendment is consistent with existing statutory mandates.

Section 102(a) of the Foreign Assistance Act of 1961, as amended, provides, inter alia:

> The Congress declares that the principal purpose of United States bilateral development assistance is to help the poor majority of people in developing countries to participate in a process of equitable growth through productive work and to influence decisions that shape their lives, with the goal of increasing their incomes and their access to public services which will enable them to satisfy their basic needs and lead lives of decency, dignity and hope.

Section 102(b)(3) states that:

> United States bilateral development assistance should give high priority to undertakings submitted by host governments which directly improve the lives of the poorest of their people. * * *

Section 102(b)(4) states that:

> Development assistance provided under this chapter shall be concentrated in countries which will make the most effective use of such assistance to help satisfy basic human needs of poor people through equitable growth, especially in those countries having the greatest need for outside assistance.

Section 102(c) provides:

> The Congress, recognizes the desirability of overcoming the worst aspects of absolute poverty by the end of this century by, among other measures, substantially lowering infant mortality and birth rates, and increasing life expectancy, food production, literacy, and employment, encourages the

> President to explore with other countries, through all appropriate channels, the feasibility of a worldwide cooperative effort to overcome the worst aspects of absolute poverty and to assure self-reliant growth in the developing countries by the year 2000.

The amendment includes as examples of facilities, goods and services which may directly benefit those living in absolute or relative poverty: irrigation facilities, extension services, and credit for small farmers, roads, safe drinking water supplies, and health and family planning services. Facilities, goods, and services directly benefitting the absolutely or relatively poor would normally not include studies, reports, training, technical advice, consulting services, and other items unless: (1) they are used primarily by those living in absolute or relatively poverty themselves, or (2) they are used by persons directly dealing with or directly benefitting those living in absolute or relative poverty.

Research which produces or aims to produce techniques, seeds, machines, etc., intended to benefit the absolutely or relatively poor should be considered as a service which meets the criterion. The Committee expects that programs currently carried out through private and voluntary organizations or through CGIAR research programs would normally be included with those directly benefitting the absolutely or relatively poor. The amendment specifically states that development aid which does not directly benefit the absolutely or relatively poor will continue to be appropriate in many cases.

The amendment further provides that special emphasis should be placed on alleviating hunger in sub-Saharan Africa, and, in that regard, particular attention should be paid to assistance to women engaged in agricultural production, consistent with Section 113 of the Foreign Assistance Act of 1961, as amended.

Sec. 405—Authority for AID Employees To Work in International Agriculture Research Centers

This section provides specific authority for AID to transfer an employee (without cost to the U.S. government) to work with one of the international agricultural research centers and have reemployment rights in AID at the end of his employment in the center. These international centers have long enjoyed the support of the Committee, and therefore the Committee believes that this authority is appropriate.

Sec. 406—Prohibition on Certain Assistance to Pakistan

Section 406 is an amendment, introduced by Senator Glenn and adopted unanimously by the Committee, that prohibits the use of any development assistance funds for Pakistan in fiscal 1983. The proposed security assistance program for Pakistan is unaffected by this amendment.

The Committee adopted this amendment because it had received assurances from administration representatives as recently as December of 1981, that no plans existed for the use of development assistance for Pakistan. Despite these reassurances, and despite subsequent explicit report language from the Conference Report on the International Security and Development Cooperation Act of 1981—which reads in part, "In providing fiscal year 1983 economic assistance funds for Pakistan from the economic assistance authorities it is the intention of the committee of conference that funds will not be taken from development assistance accounts, but that development projects currently planned will be funded by the economic support funds."—the administration chose to provide $25 million in development assistance for fiscal 1983 for Pakistan. In light of this disregard for Congressional intent, the Committee believes that it had no alternative but to incorporate this prohibition in law. The Committee further notes that Congress provided a full $200 million for fiscal 1983 in economic support funds for Pakistan in Public Law 97-113, and that the administration chose to use only $175 million of that amount, making-up the difference from development assistance funds. The Development accounts are already hard-pressed by inflation and budgetary restraints and it is the view of the Committee that they ought not to be used as a substitute for legitimate security purposes which are already funded by normal security programs.

TITLE V—MISCELLANEOUS PROVISIONS

Sec. 501—Conditions on Furnishing Assistance to El Salvador

Section 501 is an amendment introduced by Senator Dodd. Subsection (a) stipulates that fiscal year 1983 level of security assistance under Part II, Chapter 4 of the Foreign Assistance Act fo 1961, as amended, and military assistance sales and programs authorized under Part II, Chapters 2 or 5 of the Foreign Assistance Act of 1961, as amended, or military credits and guarantees extended under the Arms Export Control Act, shall be maintained at the total of the "regular program levels" authorized for fiscal year 1982, which is $66 million.

Subsection (b) expresses the Committee's concern that recent action by the newly-elected Government of El Salvador may indicate a diminished commitment to the land reform program in that country. It also stipulates that no security assistance shall be available to the Government of El Salvador if it modifies, alters, suspends or terminates any provisions of the land reform promulgated under Decree 154 of March 5, 1980, and Decree 207 of April 28, 1980.

The Committee continues to believe that the land reform program in El Salvador is crucial to the development of a stable and responsible political system and a viable economy in that country.

Moreover, in monitoring the provision of Subsection (b), the Committee will be especially concerned as to whether the Government of El Salvador is accepting new applications for land titles under Decrees 154 and 207 and whether new titles and provisional titles granted under Decree 207 are at least equal to the levels achieved during the last nine months of 1981. Consideration should also be given us to whether the Government is taking steps to ensure that individuals whose rights described under Decrees 154 and 207 are protected from evictions from lands to which they have legal claim to title and whether it is providing adequate mechanisms through which those who have been illegally evicted from lands in the past can appeal for restoration of such lands. The Committee understands that these issues will be discussed fully in the second Presidential certification required under Section 728 of the International Security Cooperation Act of 1981.

Two additional areas of concern relating to progress in the Salvadoran land reform program include, first, the eviction of tenant farmers, and, second, the status of phase two of the program as proposed by the former Duarte government. On the first point, some authoritative reports indicate that the tenant-farmer eviction rate has increased substantially since the March 28 election. And on the second point, there are similar reports which maintain that the Salvadoran Constituent Assembly has acted to nullify, if not prohibit, the implementation of phase two of the original land reform proposal. If true, these developments can only be viewed as serious setbacks for the land reform effort in El Salvador. The Committee expects the Department of State to submit detailed reports on these matters at the earliest possible date.

It is the Committee's intention to review the Presidential certification on El Salvador, particularly as it reflects activities in land reform, prior to bringing this bill to the full Senate for its consideration. The Committee agreed to hold further hearings and to consider this matter further, prior to a vote on this bill on the Senate floor.

Sec. 502—Conditions on Furnishing Assistance to Zaire

Section 502 is an amendment introduced by Senators Tsongas and Kassebaum to prohibit the use of economic support funds for Zaire unless the Secretary of State certifies that Zaire has reached a new agreement with the International Monetary Fund. The Administration had proposed a $15 million ESF program to help Zaire meet its continuing balance of payments shortfall. The Committee felt that in light of continuing reports of economic mismanagement and diversion of Zaire's export receipts to senior Government officials, the United States should not undertake balance of payments assistance to Zaire without firm assurances that the Zaire government will implement necessary reforms. In the event that funds are disbursed from this program to Zaire after the signature of an IMF agreement which later lapses because of failure to meet IMF performance criteria, the sense of the Committee was that complete reevaluation of all United States foreign aid programs to Zaire would become necessary.

Sec. 503—Reporting Requirement on AID to Egypt

Section 503 requires the President to report to Congress 180 days after enactment of this Act on the status of the U.S. economic assistance program in Egypt, including an analysis of United States legal and administrative provisions which may result in unnecessary delays in program implementation.

The Committee remains concerned about the delays in implementing Egyptian development programs. The pipeline in economic assistance is estimated at $2.5 billion. This backlog has grown from the $2.4 billion last year. United States AID officials testified earlier this year that they expect the rate of disbursements to increase more than keeping pace with additional funding. The Committee believes that before the fiscal year 1984 assistance proposals are formulated, a greater sense of urgency and priority must be given to implementing assistance programs designed to help the Egyptian people.

President Hosni Mubarak made clear his determination to give high priority to dealing with Egypt's economic problems. We should make clear our strong interest in facilitating and encouraging these efforts.

The Committee is not prepared to endorse specific proposals on the best method of obtaining increased effectiveness and flexibility in our AID program but notes with approval the spirit of the understanding reached between Egypt and the United States this February on taking steps to improve the implementation of our assistance.

The Committee recognizes the significant relationship between the effectiveness of our assistance and Egypt's domestic policy and, thus, also believes it is important that the United States and Egyptian governments give high priority to coping with the problems created by the subsidies and other inefficient practices which limit Egypt's economic development. High priority should be given to the continuing efforts to encourage development of the private sector and investment by the U.S. private sector in Egypt.

Sec. 504—Assistant Secretary for Political-Military Affairs

Section 504 establishes in the Department of State an Assistant Secretary of State for Political-Military Affairs who is to be appointed by the President by and with the advice and consent of the Senate. The Assistant Secretary will assume responsibility for administration of the Bureau of Politico-Military Affairs which is administered at present by a Director who is not subject to confirmation and shall advise the Secretary of State on matters pertaining to political-military affairs.

A trend of concern to the Committee has been the increasing number of appointments in the foreign policy area which are neither statutory nor subject to confirmation by the Senate, but which have become increasingly influential. One of the most prominent of these positions is the State Department's Director of Politico-Military Affairs. The duties of the Director are formidable and include:

(1) serving as principle advisor in developing national security policy regarding U.S. military activities affecting foreign policy;

(2) offering policy advice, formulation and review and liaison with the Defense Department in such areas as politico-military aspects of arms control, nonproliferation and outer space;

(3) supervising the Office of Strategic Nuclear Policy, Theater Military Policy, Regional Security Affairs, Nuclear Policy and Operations, Security Assistance and Sales, as well as the Technology Transfer Assessment Staff.

Clearly, the Director of the P-M Bureau carries considerable authority within the Department of State acting as a principal advisor to the Under Secretary for Security Assistance and the Secretary of State on security assistance matters. The Director is responsible for a number of complex and cross-cutting policy areas which are a major interest and concern to the Committee on Foreign Relations and the Congress as a whole. Yet, although a major foreign policy appointment, the Director is not subject to confirmation by the Senate. A strong argument can be made that the Senate rightfully should have the authority to pass on the appropriateness of appointments to such a powerful position. By establishing an Assistant

Secretary for Political-Military Affairs and making the post subject to confirmation, the Committee and the Senate will have the abiilty to weigh in on the wisdom of such appointments. It also creates the opportunity to receive testimony concerning a host of significant security assistance issues from one of the principal formulators of that policy with the United States government.

A recent CRS study on "The Senate Role in Foreign Affairs Appointments" prepared for the Committee and to be published in the near future provides further support for Committee's action creating this specific Assistant Secretary post.

Sec. 505—Arms Sales Reports

Section 505 is an amendment introduced by Senator Pressler restoring a requirement for an annual report concerning the amount of defense articles and defense services, and military training furnished by the United States during the fiscal year ending the previous September 30 for the following programs: Military Assistance Program, International Military Education and Training, Foreign Military Sales and commercial arms sales.

Sec. 506—Endangered Species

This provision, proposed by Senator Pell, adds a new section to the Foreign Assistance Act of 1961 making the preservation of endangered animal and plant species an important objective of United States development assistance. Senator Pell's amendment authorizes the President to provide assistance to countries to help them protect and maintain wildlife habitats and to develop sound wildlife management programs. Particular emphasis is given to the establishment of wildlife sanctuaries, reserves, and parks, to the enactment and enforcement of antipoaching measures, and to the support of efforts to identify study and catalogue animal and plant species, particularly in tropical environments.

The amendment requires the Administrator of the Agency for International Development with the assistance of the Administrator of Environmental Protection Agencies and the Chairman of the Council on Environmental Quality to develop policies and plans to implement this section. The Committee hopes that the Administration, in its fiscal year 1984 Congressional Presentation, will include specific programs and expenditures to implement the provisions of this section.

The section also requires an annual report on the implementation of the amendment. The Committee expects the report will include detailed information on projects, amounts expended, and progress made in achieving the objectives of this amendment.

The Committee considers this amendment a timely approach for dealing with the increasingly serious problems of the extinction of species. The extinction of animal and plant species will have serious economic, as well as environmental, consequences for developed and developing countries. Pharmaceuticals, genetic research and the development of agricultural hybrids depend on the preservation of biological diversity. To the extent that the loss of biological diversity will affect food production, it will have a particularly severe impact on the poor in the least developed countries.

Sec. 507—Date of Enactment

This section states that the bill would become effective on October 1, 1982.

COMMENTS BY THE COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

U.S. SENATE,
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY,
Washington, D.C., May 13, 1982.

Hon. CHARLES H. PERCY, III,
Chairman, Committee on Foreign Relations,
Washington, D.C.

DEAR MR. CHAIRMAN: On May 3, 1982, S. 2227, the International Security and Development Cooperation Act of 1982, was ordered by unanimous consent to be jointly referred to the Committee on Foreign Relations to consider all of the bill except section 108(b) and to this Committee, solely for the purpose of considering section 108(b).

In addition, the unanimous consent order provided that if this Committee "is unable to consider that portion of the bill within its jurisdiction by May 14, 1982, the Committee [will] be discharged from further consideration thereof."

This letter is to inform you that this Committee has considered section 108(b) of S. 2227 and adopted an amendment deleting that section from the bill. A hearing on this matter was held by the Committee on May 3, 1982, and the bill was marked up and ordered reported by the Committee on May 5, 1982.

I am enclosing a copy of this Committee's report language on S. 2227 for inclusion in the joint Committee report on that bill. I anticipate that the joint report will be filed soon after the Foreign Relations Committee completes its consideration of the bill and orders it reported.

The staff of this Committee is, of course, available to work with the staff of the Committee on Foreign Relations to make necessary conforming changes in the enclosed material so that it can be properly integrated into the joint report.

With kindest regards.

Sincerely,

JESSE HELMS,
Chairman.

Enclosure.

COMMENTS BY THE COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY ON SECTION 108(b) OF S. 2227

A. Background

The bill, S. 2227, to amend the Foreign Assistance Act of 1961 and the Arms Export Control Act to authorize additional security and development assistance programs for fiscal years 1983 and 1984, and for other purposes, was introduced by request by Senator Percy, Chairman of the Committee on Foreign Relations, on March 17, 1982. The bill was referred to the Committee on Foreign Relations. Introduction of this legislation was requested by the Administration under cover letter of March 10, 1982.

The bill, as introduced, contained an amendment (in section 108(b)) to the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480). If adopted by Congress, section 108(b) would provide that the People's Republic of China is considered to be a "friendly" country eligible for assistance under Public Law 480.

In the Senate, Public Law 480 and any legislation to amend it is within the exclusive jurisdiction of the Committee on Agriculture, Nutrition, and Forestry.

Public Law 480 grew out of the efforts of the American farm community to increase the use of U.S. farm products in other countries. Recognizing that America's agricultural abundance could be put to work toward developing commercial markets for our farm production and helping to meet the food needs of the developing world, the Senate Committee on Agriculture and Forestry began consideration in 1953 of legislation that would permit developing countries to purchase U.S. farm commodities on highly concessional terms for foreign currencies.

This legislation was first adopted by the Senate during the first session of the 83rd Congress. During action by the House of Representatives on the Senate-passed bill, provisions expanding the legislation into the area of foreign food assistance were added. The expanded version of Public Law 480 was approved by both Houses of Congress and signed into law on July 10, 1954.

Throughout the history of Public Law 480, the Committee on Agriculture, Nutrition, and Forestry (known as the Committee on Agriculture and Forestry until January 4, 1977) has been recognized as the Committee in the Senate having sole jurisdiction over this legislation. This Committee has continuously monitored Public Law 480 and led efforts to strengthen and improve all aspects of the programs authorized under it.

In 1964 and 1966 this Committee made sweeping changes in Public Law 480 to strengthen the development and humanitarian aspects of the programs as well as to change the focus of the program from sales for foreign currencies to sales for dollars. The Public Law 480 programs were thereafter extended by this Committee in the Agricultural Act of 1970, the Agriculture and Consumer Protection Act of 1973, the Food and Agriculture Act of 1977, and the Agriculture and Food Act of 1981.

In light of this historical background, Chairman Helms requested that S. 2227 be jointly referred to the Foreign Relations Committee, for consideration of all of the bill except section 108(b), and to the Committee on Agriculture, Nutrition, and Forestry, solely for consideration of the Public Law 480 amendment contained in section 108(b). Joint referral of the bill was so ordered by unanimous consent of the Senate on May 3, 1982.

B. Short Explanation of Section 108(b)

Section 108(b) of S. 2227 would amend the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480) by adding a new section providing that the People's Republic of China (PRC) shall be considered to be a friendly country eligible to enter into concessional sales agreements under title I and to receive food donations under title II of Public Law 480. The stated purpose of this amendment was to overcome the provisions of sections 103(d), 103(j), and 202(a) of Public Law 480, which have been interpreted to exclude the PRC from participation in title I sales agreements and to substantialy restrict the PRC's eligibility for food aid under tile II.

C. Committee Amendment

The Committee amendment to S. 2227 strikes out all of section 108(b).

D. Committee Hearings

On May 3, 1982, Chairman Helms of the Committee on Agriculture, Nutrition, and Forestry held a full Committee hearing on the proposal to designate the People's Republic of China as a "friendly nation", thereby making it eligible to participate in the Food for Peace Program authorized under Public Law 480.

Witnesses at the May 3 hearing included: Dr. Thomas Shoesmith, Deputy Assistant Secretary for East Asian and Pacific Affairs, United States Department of State; James Ross, Assistant General Sales Manager, United States Department of Agriculture; and Dr. Ray S. Cline, Senior Associate, Georgetown Center for Strategic and International Affairs.

In his opening remarks, Chairman Helms expressed "serious reservations about the propriety of this designation for Communist China, or for that matter, any increase in foreign assistance, at a time when domestic programs are being reduced drastically in order to decrease budget deficits." He further noted that the PRC has already become an important commercial customer for U.S. agricultural commodities, without being eligible for concessional assistance under Public Law 480.

Dr. Shoesmith testified that, although the PRC is not barred by law from participation in the Public Law 480 program, the legislative history cites the PRC and the Soviet Union as countries ineligible for assistance. Mr. Shoesmith emphasized that the Administration is not proposing the initiation of a Public Law 480 program for the PRC at this time; nor are any additional funds being requested for the PRC. He stated that the Administration's intent in this proposal is to recognize that relations between the United States and the PRC have improved on a political as well as an economic level, and that enactment of the amendment would correct the disparity between legislation and current foreign policy.

Chairman Helms asked a series of questions highlighting the People's Republic of China's history of human rights violations. The Chairman also raised questions concerning the inconsistency of the U.S. foreign policy in determining which countries are to be considered "friendly" to the United States.

Mr. James Ross, the Department of Agriculture representative, appeared as a technical witness to answer questions regarding the status of current agricultural trade with the PRC. Mr. Ross testified that commodities that might be sent to the PRC under a title I agreement would include wheat, feed grains, and cotton, and that, if a program were initiated in fiscal year 1982, a supplemental appropriation would be necessary. In response to Chairman Helms' question as to whether Public Law 480 assistance is necessary in light of the PRC's position as a strong commercial customer for U.S. agricultural products, Mr. Ross responded that Public Law 480 assistance would have some impact in providing a better climate for our market development activities as well as in providing an outlet for the commodities that are programmed under Public Law 480.

Dr. Cline testified in opposition to any amendment that would designate the PRC as a "friendly nation" for purposes of Public Law 480. Dr. Cline based his opposition on several factors.

First, Dr. Cline pointed out that Public Law 480 assistance is more effective in countries that promote private enterprise systems in agriculture, as opposed to countries that maintain agricultural systems like that in the PRC. He stated that given the magnitude of the agricultural problems faced by the PRC, it is his belief that the limited amount of aid that would be offered would be of little value and probably would not even filter down beyond the Communist Party membership. He further noted that a condition of Public Law 480 aid is that it should go to nations not dominated or controlled by, or not controlling, a world Communist movement, and in his opinion there is no doubt that the PRC controls a "world Communist movement."

Philosophically, Dr. Cline questioned the Administration's claim that relations between the United States and the PRC have improved to the point where the PRC could be considered "friendly". He stated that the current relationship of the PRC with the United States is based on the very narrow strategic interest of mutual concern about Soviet expansionism, and that this relationship is beset with complications. Dr. Cline listed several instances in which U.S. actions have been denounced by the PRC. He stated that it was his belief that two countries do not become friends on the basis of a single issue, especially when there are major differences in the social, economic, and political systems of those nations.

On a pragmatic level, Dr. Cline testified that given expected increases in the Chinese population and the obsolescence of its agricultural techniques, the PRC will remain a strong commercial customer of the United States, regardless of whether it becomes eligible for Public Law 480 assistance.

Finally, Dr. Cline cited other Asian nations that have democratic forms of government as examples of countries that the United States should work with to ensure friendly relations. In response to questions by Chairman Helms, Dr. Cline suggested that the United States should pursue a Pacific Basin strategy with non-Communist nations in the region to develop a better community spirit, to improve the exchange of goods and services, and to develop better consultation on common security interests.

In closing, he reiterated that the United States would be sending the wrong signal to the world by granting unrequired concessions to the PRC, such as Public Law 480 assistance, simply because the PRC shares our concern about the Soviet Union. He suggested that there are many other nations that share this concern with whom we have much in common, and that reliance on the PRC as a friend would be a mistake.

E. Committee Markup

On May 5, 1982, the Committee on Agriculture, Nutrition, and Forestry met in open session and considered section 108 (b) of S. 2227.

Chairman Helms briefly described the provision under consideration and proposed that the Committee adopt an amendment to strike section 108(b) from the bill. Following a brief discussion, the Committee agreed to the adoption of the Chairman's amendment. In agreeing to strike this provision from the bill, it is the Committee's belief that the amendment to Public Law 480 contained in section 108(b) is unnecessary, and thus should not be adopted.

Sections 103(d) and 103(j) of Public Law 480 exclude from Public Law 480 eligibility countries that dominate or control a world Communist movement, or that are dominated or controlled by such a movement. Although no countries are specifically barred by name under these sections, the legislative history of the Food for Peace Act of 1966 makes clear that, at the time these provisions were enacted, the Soviet Union and the People's Republic of China were considered by the Committee to be excluded from Public Law 480 eligibility under sections 103(d) and 103(j). (See S. Rept. No. 1527, 89th Cong. 2nd Sess., pp. 14–15 (1966).)

The nature of the relations between the United States and the People's Republic of China has changed since 1966. The opinions expressed by the Committee in 1966 were intended to reflect the Committee's assessment of the statutory criteria for eligibility at that time.

Consequently, if the President believes that the People's Republic of China satisfies the criteria of sections 103(d) and 103(j) of Public Law 480, the President is free to designate China as a "friendly country" under existing law.

It is the understanding of the Committee that there are no plans to establish an assistance program under Public Law 480 for the People's Republic of China at this time. Further, the Committee understands and intends that the President—at least 90 days before any such assistance program is initiated—will notify the House Committee on Foreign Affairs and the Senate Committee on Agriculture, Nutrition, and Forestry in writing of the details of any such proposal.

With a majority of the members present, the Committee agreed, by voice vote, to delete section 108(b) from S. 2227. The Committee understands that the Committee on Foreign Relations has agreed to report a clean bill that does not contain any amendment to Public Law 480.

ADDITIONAL VIEWS BY SENATOR KASSEBAUM

Having voted in opposition to this supplemental fiscal year 1983 foreign aid authorizing legislation, I wish to provide some background regarding the reasons for my opposition.

As I noted on several occasions during the mark-up of this bill, my service on the Budget Committee and my commitment to the budget process has led me to look critically at the budgetary implications of the higher levels of foreign aid requested by the Administration and approved by this Committee. I believe that the foreign aid program, like every other program the Congress authorizes, must conform to the constraints established by the budget process.

The Congress last December approved and the President signed into law a two-year authorization (Public Law 97–113), covering fiscal year 1983 as well as fiscal year 1982. I am not persusaded that the $1.2 billion requested by the Administration in additional security assistance, nor the $786.8 million the Committee is now recommending, are essential to achieving U.S. international objectives. I do not believe that major emergencies have arisen during the last five months which justify approval of the funding level authorized in this bill.

At a time when we are cutting back on federal expenditures in most other areas, I feel that the Administration's request for an additional 35 percent in security assistance (both military aid and the Economic Support Fund) received far too sympathetic consideration from this Committee.

In addition to believing that the foreign aid program should live within the budgetary constraints expected of other federal programs, I believe that the foreign aid program itself needs the kind of balance which this Committee this year failed to provide. Virtually all of the increases requested and approved were in security assistance rather than development assistance, destroying the balance achieved with some difficulty in Public Law 97–113. Not only was the total spending level of the bill increased but also country specific programs were increased at the expense of other country programs on a virtually arbitrary basis. The earmarking of the bill's largest country programs will require that reductions will be taken from countries protected by no earmarks such as Botswana, Somalia, Niger, Senegal, Djibouti and perhaps the vital Southern African programs. It is possible that some of these countries may be cut out of the program altogether.

The Committee's action thus creates very real problems for the United States in Africa and elsewhere, problems of a sort clearly not contemplated or desired by the Committee. I was not althogether facetious in my suggestion in mark-up that to protect countries without earmarkings, the best way would be to earmark all ESF funds in the bill.

Moreover, there is already discussion of transfers from development assistance accounts to ESF in order to free up funds to offset the $165 million ESF add-on. The shifting of funds from longer term, basic human needs development activities in the very poorest nations to provide additional budget support in the ESF program to middle income states strikes me as unfair.

During the Committee's consideration of the bill, I voted against every Committee amendment that would have added to the total spending level. These votes against aid increases for various countries were not directed against any specific country, rather my votes were an effort to make it clear that our national budgetary situation makes imprudent foreign aid increases above the level authorized for foreign aid in fiscal year 1982.

Unfortunately, my basic attitude toward spending levels in the bill required me to oppose two amendments that were adopted by the Committee and which added $410 million to the President's fiscal year 1983 request for the Government of Israel. In no way should my votes against this additional aid for Israel be interpreted as unfriendly toward that vital and democratic ally in the turbulent Middle East region. I will yield to no one in my solicitude for Israel's pressing economic plight and its facing alone numerous, well financed, heavily militarily equipped Arab neighbors. Of those neighbors, only Egypt has demonstrated the national courage and leadership to end decades of hostility and bloodshed by signing the historic Camp David Peace Agreement. Had our budgetary situation in the U.S. been less confining, I would have gladly supported the provision of additional assistance to a hard pressed Israel. I am, however, concerned that in addressing Israel's onerous economic and defense problems the Committee has paid insufficient attention to the budgetary and economic situation in the United States and to maintaining the slim margin of support that foreign aid receives in the Senate.

Foreign aid is an essential element in any positive foreign policy, and is the key to an effective foreign policy. I have been especially supportive of efforts to increase our economic assistance programs. This is because I believe that many of the world's problems do not have military solutions. We must go to the root of conflict and instability—hunger, poverty, lack of education, lack of even minimal health care—if we are to effectively meet the foreign policy challenges that lie before this nation. The bill passed by the Committee offers primarily more weaponry.

I have also felt that we could not develop a strong foreign aid program if we do not take into consideration the difficult economic situation we face in this country today. Perhaps the greatest contribution we can make to the developing nations would be to solve our own economic problems, as many of their economic difficulties—low commodity prices, soaring debt burdens, inflated import prices—originate in our own economic policies. The $786 million increase in spending in this bill above the fiscal year 1982 level ignores our overall economic conditions and ignores the growing consensus that our own economic problems cannot be solved unless Congress halts the growth in federal spending and begins to reduce our massive budgetary deficit.

It is for these reasons that I felt constrained to oppose the favorable recommendation that the Senate pass this bill.

NANCY LANDON KASSEBAUM.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., May 28, 1982.

Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to Section 403 of the Congressional Budget Act, the Congressional Budget Office has prepared the attached cost estimate for a bill to amend the Foreign Assistance Act of 1961 and the Arms Export Control Act to authorize additional international security and development assistance programs for fiscal year 1983, and for other purposes, as ordered reported on May 27, 1982.

Should the Commitee so desire, we would be pleased to provide further details on this estimate.

Sincerely,

RAYMOND C. SCHEPPACH
(For Alice M. Rivlin, Director).

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE

1. Bill number: Not yet assigned.

2. Bill title: A bill to amend the Foreign Assistance Act of 1961 and the Arms Export Control Act to authorize additional international security and development assistance programs for fiscal year 1983, and for other purposes.

3. Bill status: As ordered reported by the Senate Committee on Foreign Relations on May 27, 1982.

4. Bill purpose: This legislation authorizes the appropriation in fiscal year 1983 of an additional: $500 million in foreign military sales credits; $134.0 million in grant military assistance; $11.4 million for international military education and training; $24.5 million for peacekeeping operations; $5.0 million for a new anti-terrorism assistance program; $93.5 million for the economic support fund; $3.6 million for trade and development programs; and $2.3 million for international narcotics control programs.

The legislation raises the ceiling on guaranteed foreign military sales credits extended by Federal Financing Bank by $711.3 million; authorizes the drawdown of up to $10 million of commodities and services from any U.S. government agencies for peacekeeping operations and authorizes the appropriation of such funds as may be necessary to reimburse the agencies; and otherwise amends the Foreign Assistance Act of 1961 and the Arms Export Control Act.

5. Cost estimate: The bill authorizes the appropriation of an additional $786.3 million in fiscal year 1983, and up to $10 million per year for peacekeeping operations.

Budget functions 150

Authorization amount: Fiscal year:	Millions
1983	$786
1984	10
1985	10
1986	10
1987	10

Estimated outlays:	
Fiscal year:	*Millions*
1983	654
1984	70
1985	54
1986	32
1987	16

The ceiling on foreign military sales guaranteed credits for fiscal year 1983 was raised by $711 million. These guarantees will be purchased by the Federal Financing Bank resulting in off-budget direct loans.

Off-budget impact

Estimated budget authority:	
Fiscal year:	*Millions*
1983	$165
1984	345
1985	254
1986	112
1987	33
Estimated outlays:	
Fiscal year:	
1983	165
1984	345
1985	164
1986	23
1987	56
Loan placement fees:	
Fiscal year:	
1983	4
1984	0
1985	0
1986	0
1987	0

The bill authorizes the following additional new direct loans and loan guarantees:

Credit budget impact

New direct loan obligations:	
Fiscal year:	*Millions*
1983	$500
1984	0
1985	0
1986	0
1987	0
New loan guarantee commitment:	
Fiscal year:	
1983	711
1984	0
1985	0
1986	0
1987	0

6. Basis of estimate: The estimate assumes enactment of this legislation and subsequent appropriation of the authorization amount and enactment of credit limits in an appropriation act by September 30, 1982.

The cost estimate shows the authorization amounts and credit limits as marginal increases over the amounts contained for these programs in the International Security and Development Assistance Act of 1981, Public Law 97–113. Where outlays or credit disbursements were sensitive to country program assumptions, the staff of the Foreign Relations Committee was consulted on which programs were to be considered increased by this legislation. Outlays were estimated using historical rates, except for the new Anti-Terrorism Program where the Administration estimate was used.

Budget authority for the off-budget Federal Financing Bank (FFB) is the estimate of the increase in foreign military sales guarantees originated and disbursed by the FFB. The estimate uses the Administration's rates for loan disbursements for the Egyptian program and average defense procurement spend-out rates for loan disbursement rates for all other loans. The estimate assumes that for countries receiving a mix of grant military assistance and foreign military sales guaranteed loans to finance a sales program, the grants and loans will be drawn down proportionally.

Off-budget outlays are equal to estimated disbursements less repayments. The guaranteed loans are assumed to be repaid in eight years with two years grace on principal repayment for those countries not receiving extended repayment terms under Sec. 31(b)(5) or (c) of the Arms Export Control Act. Countries authorized extended repayment terms are assumed to repay the loans in 20 years with 10 years grace on principal repayment.

Section 109 of this legislation authorizes the drawdown of up to $10 million of commodities and services from the inventory and resources of any agency of the U.S. government and authorizes such funds as may be necessary to reimburse the applicable account for such drawdowns. The estimate assumes the authority will be used in unforeseen emergencies instead of reprogramming funds from budgeted programs.

7. Estimate comparison: None.
8. Previous CBO estimate. None.
9. Estimate prepared by. Joe Whitehill.
10. Estimate approved by:

C. G. NUCKOLS
(For James L. Blum,
Assistant Director for Budget Analysis).

REGULATORY IMPACT STATEMENT

In accordance with Rule XXIX of the Standing Rules of the Senate, the Committee has evaluated the regulatory impact of this bill and finds that its enactment would have no regulatory impact. This bill authorizes the appropriations of funds for international security assistance. The bill modifies certain provisions of the Foreign Assistance Act of 1961, as amended, and the Arms Export Control Act of 1976, as amended.

CHANGES IN EXISTING LAWS

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

The Arms Export Control Act

* * * * * * *

Chapter 2—FOREIGN MILITARY SALES AUTHORIZATIONS

* * * * * * *

Sec. 25. Annual Estimate and Justification for Sales Program.—(a) * * *

* * * * * * *

(5) an estimate of the aggregate dollar value and quantity of defense articles and defense services, military education and training, grant military assistance, and credits and guaranties, to be furnished by the United States to each foreign country and international organization in the next fiscal year, *together with the aggregate dollar value and quantity of defense articles and defense services furnished by the United States to each foreign country and international organization, by category, for the fiscal year ending the previous September 30, specifying whether they are furnished by sale under chapter 2 of this Act, by sale under chapter 2A of this Act, or by commercial sale licensed under section 38 of this Act, or by other authority:*

* * * * * * *

Chapter 2—B EXCHANGE TRAINING

Sec. 30. General Authority.*—During the fiscal years 1983 and 1984, the President is authorized to provide for attendance of foreign military personnel at professional military education institutions in the United States (other than Service academies) without charge in accordance with agreements requiring the exchange of students on a one-for-one, reciprocal basis for each such fiscal year between such institutions and comparable institutions of eligible foreign countries and international organizations. As part of the congressional presentation material for the fiscal year 1984, the President shall prepare a report to the Congress which assesses the benefits that this exchange training program has had for the United States.*

Chapter 3—MILITARY EXPORT CONTROLS

Sec. 31. Authorization and Aggregate Ceiling on Foreign Military Sales Credits.—(a) * * *

* * * * * * *

(b)(2) The total principal amount of loans guaranteed under section 24(a) of this Act shall not exceed $3,269,525,000 for the fiscal year 1982 and [$3,269,525,000] *$3,980,000,000* for the fiscal year 1983.

(3) Of the aggregate total of credits (or participations in credits) under section 23 of this Act, and of the total principal amount of loans guaranteed under section 24(a) of this Act, not less than $1,400,000,000 for the fiscal year 1982 and not less than [$1,400,000,000] *$1,700,000,000* for the fiscal year 1983 shall be available only for Israel, [of which not less than $550,000,000 for each such year shall be available as credits under section 23 of this Act.] *of which not less than $551,000,000 for fiscal year 1982 and not less than $850,000,000 for fiscal year 1983 shall be available as credits under section 23 of this Act.*

* * * * * * *

[(6) Of the total amount of credits (or participations in credits) extended under section 23 of this Act for the fiscal years 1982 and 1983, not less than $200,000,000 for each such year shall be available only for Egypt, and Egypt shall be released from its contractual liability to repay the United States Government with respect to such credits and participations in credits.

[(7) Of the total amount of credits (or participations in credits) extended under section 23 of this Act for the fiscal years 1982 and 1983, not less than $50,000,000 for each such year shall be available only for the Sudan, and the Sudan shall be released from its contractual liability to repay the United States Government with respect to such credits and participations in credits.]

(6) Of the total amount of credits (or participations in credits) extended under section 23 of this Act for the fiscal year 1983, Egypt and Sudan shall be released from their contractual liabilities to repay the United States Government with respect to such credits and participations in credits in amounts not less than $400,000,000 for Egypt and $50,000,000 for Sudan.

(c) Funds made available for the fiscal year 1982 and for the fiscal year 1983 under subsection (a) of this section shall be obligated to finance the procurement of defense articles, defense services, and design and construction services by Israel on a long-term repayment basis either by the extension of credits, without regard to the limitation contained in section 23, or by the issuance of guaranties under section 24. Repayment shall be in not less than twenty years, following a grace period of ten years on repayment of principal. Israel shall be released from $550,000,000 of its contractual liability to repay the United States Government with respect to defense articles, defense services, and design and construction services so financed for [each such year] *fiscal year 1982, and $850,000,000 of such liability for fiscal year 1983.*

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Sec. 38. Control of Arms Exports and Imports.—(a) * * *

* * * * * * *

(c) Any person who willfully violates any provision of this section or section 39, or any rule or regulation issued under either section, or who willfully, in a registration or license application or required report, makes any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading, shall upon conviction be fined not more than [$100,000] *$1,000,000* or imprisoned not more than two years, or both.

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Chapter 4—GENERAL, ADMINISTRATIVE, AND MISCELLANEOUS PROVISIONS

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Sec. 42. General Provisions.—(a) * * *

* * * * * * *

(c) funds made available under this Act may be used for procurement outside the United States only if the President determines that such procurement will not result in adverse effects upon the economy of the United States or the industrial mobilization base, with special reference to any areas of labor surplus or to the net position of the United States in its balance of payments with the rest of the world, which outweigh the economic or other advantages to the United States of less costly procurement outside the United States. *The President shall report in writing on the details of any such intended procurement to the chairman of the Committee on Foreign Relations of the Senate and the chairman of the Committee on Foreign Affairs of the House of Representatives not less than 30 days before entering into any agreement for such procureemnt.*

* * * * * * *

Sec. 43. Administrative Expenses.—(a) * * *

(b) Charges for administrative services calculated under section 21(e)(1)(A) of this Act shall include recovery of administrative *and extraordinary* expenses incurred by any department or agency of the United States Government, including any mission or group thereof, in carrying out functions under this Act when—

(1) such functions are primarily for the benefit of any foreign country; and

(2) such expenses are not directly and fully charged to, and reimbursed from amounts received for, sale of defense services under section 21(a) of this Act.

The Foreign Assistance Act of 1961, as Amended

* * * * * * *

PART I

Sec. 119. Endangered Species.—*(a) The Congress finds the survival of many animal and plant species is endangered by over-hunting, by the presence of toxic chemicals in water and air, and by the destruction of habitats. The Congress further finds that the extinction of animal and plant species is an irreparable loss with potentially serious environmental and economic consequences for developing and developed countries alike. Accordingly, the preservation of animal and plant species through the regulation of the hunting and trade in endangered species, through limitations on the pollution of natural ecosystems, and through the protection of wildlife habitats should be an important objective of United States development assistance.*

(b) In order to preserve biologial diversity, the President is authorized to furnish assistance under this part to assist countries in protecting and maintaining wildlife habitats and in developing sound wildlife management programs. Special efforts should be made to establish and maintain wildlife santuaries, reserves, and parks; to enact and enforce anti-poaching measures; and to identify, study, and catalogue animal and plant species, especially in tropical environments.

(c) The Administrator of the Agency for International Development, in conjuntion with the Administrator of the Environmental

Protection Agency, the Chairman of the Council on Environmental Quality, and the heads of other appropriate agencies of the United States, shall develop policies and plans to protect biological diversity and to implement the objectives of subsections (a) and (b).

(d) Not later than one year after the date of enactment of this section, and at annual intervals thereafter, the President shall submit a report to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate on the implementation of this section.

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Chapter 2—OTHER PROGRAMS

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Sec. 222A. Agricultural and Productive Credit and Self-Help Community Development Programs.—(a) * * *

* * * * * * *

(h) The authority of this section shall continue through [September 30, 1982.] *September 30, 1983.*

* * * * * * *

Sec. 297. General Authority.—(a) To carry out the purposes of this title, the President is authorized to provide assistance on such terms and conditions as he shall determine—

(1) to strengthen the capabilities of universities in teaching, research, and extension work to enable them to implement current programs authorized by paragraphs (2), (3), (4), and (5) of this subsection, and those proposed in the report required by section 300 of this title;

(2) to build and strengthen the institutional capacity and human resources skills of agriculturally developing countries so that these countries may participate more fully in the international agricultural problem-solving effort and to introduce and adapt new solutions to local circumstances;

(3) to provide program support for long-term collaborative university research, in the developing countries themselves to the maximum extent practicable, on food production, distribution, storage, marketing and consumption;

(4) to involve universities more fully in the international network of agricultural science, including the international research centers, the activities of international organizations such as the United Nations Development Program and the Food and Agriculture Organization, and the institutions of agriculturally developing nations; and

(5) to provide program support for international agricultural research centers (*including the authority to transfer employees to international agricultural research centers in accordance with the provisions of the Federal Employees International Organization Service Act (5 U.S.C. 3343, 3581–3584)*), to provide support for research projects identified for specific problem-solving needs, and to develop and strengthen national research systems in the developing countries.

Chapter 6—PEACEKEEPING OPERATIONS

* * * * * * *

Sec. 552. Authorization of Appropriations.—(a) There is authorized to be appropriated to the President to carry out the purposes of this chapter, in addition to amounts otherwise available for such purposes, $19,000,000 for the fiscal year 1982 and $19,000,000 for the fiscal year 1983.

(b) Amounts appropriated under this section are authorized to remain available until expended.

(c) If the President determines that, as the result of an unforeseen emergency, the provision of assistance under this chapter in amounts in excess of funds otherwise available for such assistance is important to the national interests of the United States, the President may *(1)* exercise the authority of section 610(a) of this Act to transfer funds available to carry out chapter 4 of this part for use under this chapter without regard to the 20-percent increase limitation contained in such section, except that the total amount so transferred in any fiscal year may not exceed $15,000,000 *or (2) in the event the President determines that unforeseen circumstances exist which require the immediate provision of assistance under this chapter, he may direct the drawdown of commodities and services from the inventory and resources of any agency of the United States Government of an aggregate value not to exceed $10,000,000 in any fiscal year.*

(d) There are authorized to be appropriated to the President such sums as may be necessary to reimburse the applicable appropriation, fund, or account for commodities and services provided under subsection (c)(2) of this section.

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PART II

Chapter 1—POLICY

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Sec. 502B. Human Rights.—(a) * * *

* * * * * * *

(d) For the purpose of this section—

* * * * * * *

(2) the term "security assistance" means—

(A) assistance under chapter 2 (military assistance) or chapter 4 (economic support fund) or chapter 5 (military education and training) or chapter 6 (peacekeeping operations) *or chapter 8 (anti-terrorism assistance)* of this part;

Chapter 4—ECONOMIC SUPPORT FUND

* * * * * * *

Sec. 533. Eastern Mediterranean Program.—(a) Not less than two-thirds of the funds made available to Turkey under this chapter for each of the fiscal years 1982 and 1983 shall be provided on a grant basis.

(b) Of the funds authorized to be appropriated to carry out this chapter for the fiscal year 1982 and for the fiscal year 1983, $15,000,000 for each such year shall be available only for Cyprus. Of that amount, $5,000,000 for the fiscal year 1982 and [$10,000,000] *$5,000,000* for the fiscal year 1983 shall be for scholarship programs to bring Cypriots to the United States for education.

* * * * * * *

Sec. 540A. Zaire.*—Notwithstanding any other provision of law, none of the funds authorized to be appropriated to carry out this chapter for the fiscal year 1983 shall be available for Zaire unless the Secretary of State certifies to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives that Zaire has reached a new agreement with the International Monetary Fund on policies to be implemented and on the performance criteria to be observed under an Extended Fund Facility agreement or stand-by arrangement.*

* * * * * * *

Chapter 8—ANTI-TERRORISM ASSISTANCE

Sec. 571. General Authority.*—(a) Subject to the provisions of subsection (e), the President is authorized to furnish, on such terms and conditions as the President may determine, assistance to foreign countries in order to enhance the ability of their law enforcement personnel to deter terrorists and terrorist groups from engaging in international terrorist acts such as bombing, kidnaping, assassination, hostage taking, and hijacking. Such assistance may include training services and the provision of equipment and other commodities related to bomb detection and disposal, management of hostage situations, physical security, and other matters relating to the detection, deterrence, and prevention of acts of terrorism, the resolution of terrorist incidents, and the apprehension of those involved in such acts.*

(b) Notwithstanding section 660 of this Act, services and commodities may be granted for the purpose of this chapter to eligible foreign countries, subject to reimbursement of the value thereof (as defined in section 664(m)) pursuant to section 632 of this Act from funds available to carry out this chapter.

(c) Whenever the President determines it to be consistent with and in furtherance of the purposes of this chapter, and on such terms and conditions consistent with this Act as he may determine, any agency of the United States Government is authorized to furnish services and commodities, without charge to funds available to carry out this chapter, to an eligible foreign country, subject to payment in advance of the value thereof (as defined in section 644(m)) in United States dollars by the foreign country. Credits and the proceeds of guaranteed loans made available to such countries pursuant to the Arms Export Control Act shall not be used for such payments. Collections under this chapter shall be credited to the currently applicable appropriation, account, or fund of the agency providing such assistance and shall be available for the purposes for which such appropriation, account or fund is authorized to be used.

(d) The Assistant Secretary of State for Human Rights and Humanitarian Affairs shall be consulted in the development and implementation of the antiterrorism assistance program under this chapter, including determinations of the foreign countries that will be furnished assistance under this chapter and determinations of the nature of assistance to be furnished to each such country.

(e)(1) Training services provided pursuant to subsection (a) shall not be conducted outside the United States.

(2) Personnel of the United States Government authorized to advise eligible foreign countries on antiterrorism matters shall carry out their responsibilities, to the maximum extent possible, within the United States. Such personnel may, for a period not to exceed thirty calendar days, if located outside the United States, provide aavice on antiterrorism matters to eligible foreign countries.

(3) Employees of the Department of State shall not engage in the training of law enforcement personnel or provision of services as described in subsection (a), except that employees of the Office of Security within the Department of State may provide training and services to law enforcement personnel for the physical protection of diplomatic personnel and facilities.

(4) Equipment and commodities included on the United States munitions list established pursuant to the Arms Export Control Act shall not be made available under subsection (a).

(5) Assistance under subsection (a) shall not include provision of services, equipment, personnel, or facilities involved in the collection of intelligence as defined in Executive Arder 12333 of December 4, 1981.

(6) The authority of subsection (a) of this section shall expire three years after the date of enactment of this section.

(7) Not less than thirty days before the President exercises his authority under this section to provide assistance to foreign countries to enhance their antiterrorism law enforcement capabilities, the President shall transmit to the chairman of the Committee on Foreign Relations of the Senate and the chairman of the Committee on Foreign Affairs of the House of Representatives, a written notification which specifies—

(1) the country to which such assistance is to be provided;

(2) the type and value of the assistance to be provided;

(3) the terms and duration of assistance; and

(4) an explanation of how the proposed assistance will further the objectives of this section to assist law enforcement in eligible foreign countries in deterring terrorism.

The chairman of either Committee specified herein may request, as deemed necessary, a current report on the state of observance of and respect for internationally recognized human rights in the country to which assistance is to be provided. In the event that a report is requested, no assistance shall be provided to the country specified prior to transmittal of the report to the requesting committee.

(8) Not later than one year after the date of enactment of this section and each year thereafter as part of the annual congressional presentation material, the President shall transmit to the Congress a report identifying the countries receiving assistance under this section,

including the type, place, and duration of training being provided, number of personnel being trained, and type of equipment being transferred. The report shall also describe the ways in which the provision of such assistance has furthered the objectives of enhancing the ability of foreign law enforcement authorities to deter acts of terrorism.

Sec. 572. Appropriations.*—There is authorized to be appropriated to the President to carry out this chapter $5,000,000 for the fiscal ytar 1983.*

Sec. 573. Purposes.*—(a) Activities conducted under this chapter shall be designed—*

(1) to enhance the law enforcement anti-terrorism skills of friendly countries by providing training and equipment to deter and counter terrorism;

(2) to strengthen the bilateral ties of the United States with friendly governments by offering concrete assistance in this area of great mutual concern; and

(3) increase respect for human rights by sharing with foreign civil authorities modern, humane, and effective antiterrorism techniques.

(b) This chapter does not apply to information exchange activities conducted by agencies of the United States Government under other authority for such purposes.

Sec. 574. Export Controls.*—(a) Notwithstanding any other provision of law and in furtherance of the United States Government's strong opposition to international terrorism and in recognition of the fact that sales of dual use items have clear foreign policy ramifications, any modifications to the regulations implementing section 6 of the Export Administration Act of 1979 (50 U.S.C. App. 2405) may be made only upon 30-day written notice from the President to the Committee on Foreign Relations and the Committee on Banking, Housing and Urban Affairs of the Senate and the Committee on Foreign Affairs of the House of Representatives.*

(b) Subsequent to the date of enactment of this Act, if the President proposes to remove a country from the list of countries supporting international terrorism, compiled pursuant to the Export Administration Act, he shall inform the Congress of any such intended removal 60 days in advance. No country shall be removed from such list unless the President provides the Congress with a report certifying that such country has not supported international terrorism or groups engaged in terrorism during the preceding 12-month period.

(c) During the 30-day period provided for notifying the Congress of proposed export licenses pursuant to the provisions of section 6(i) of the Export Administration Act, the chairman or ranking minority member of the appropriate committees referred to in subsection (a), or of any subcommittee of such a committee, may require the President to certify to the Congress prior to the issuance of such license that the sale is necessary to the national security interest of the United States.

Sec. 575. Administrative Authorities.*—Except where expressly provided to the contrary, any reference in any law to part I of this Act shall be deemed to include reference to this chapter and any reference in any law to part II of this Act shall be deemed to exclude reference to this chapter.*

PART III

Chapter 1—GENERAL PROVISIONS

*　　*　　*　　*　　*　　*　　*

Sec. 620. Prohibitions Against Furnishing Assistance.—(a) * * *

*　　*　　*　　*　　*　　*　　*

(*y*) *Recognizing that the People's Republic of China, although it has a Communist form of government, is a non-allied nation which plays a helpful strategic role, the President may authorize the furnishing of assistance to the People's Republic of China under this Act, notwithstanding the provisions of subsection* (*f*), *if he determines and reports to the Congress that extending eligibility for such assistance to the People's Republic of China is important to the security of the United States.*

*　　*　　*　　*　　*　　*　　*

Chapter 2—ADMINISTRATIVE PROVISIONS

*　　*　　*　　*　　*　　*　　*

Sec. 634A. Notification of Program Changes.—None of the funds appropriated to carry out the purposes of this Act (except for programs under title III or title IV of chapter 2 of part 1, chapter 5 of part I, and programs of disaster relief and rehabilitation) may be obligated for any activities, programs, projects, types of material assistance, countries, or other operations not justified, or in excess of the amount justified, to the Congress for obligation under this Act for any fiscal year unless the Committee on Foreign Relations of the Senate, the Committee on International Relations of the House of Representatives, and the Committee on Appropriations of each House of the Congress are notified fifteen days in advance of such obligation. Whenever a proposed reprogramming exceeds $1,000,000 and the total amount proposed for obligation for a country under this Act in a fiscal year exceeds by more than $5,000,000 the amount specified for that country in the report required by section 653(a) of this Act, notifications of such proposed reprogrammings shall specify—

(1) the nature and purpose of such proposed obligation, and

(2) to the extent possible at the time of the proposed obligation, the country for which such sums would otherwise have been obligated.

This notification requirement shall not apply to any such reprogramming of funds for use under the authority of chapter 8 of part I and chapter 5 of part II which is less than $50,000 if there are ongoing programs in the country to which funds are being transferred.

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Chapter 3—MISCELLANEOUS PROVISIONS

*　　*　　*　　*　　*　　*　　*

Sec. 644. Definitions.—As used in this Act—

*　　*　　*　　*　　*　　*　　*

(m) "Value" means—

*　　*　　*　　*　　*　　*　　*

(5) with respect to military education and training *or services provided under chapter 8 of part II of this Act*, the additional costs that are incurred by the United States Government in furnishing such assistance.

* * * * * * *

Sec. 652. Limitation Upon Exercise of Special Authorities.—The President shall not exercise any special authority granted to him under section 506(a), *552(c)(2)*, or 610(a) of this Act unless the President, prior to the date he intends to exercise any such authority, notifies the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate in writing of each such intended exercise, the section of this Act under which such authority is to be exercised, and the justification for, and the extent of, the exercise of such authority.

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TITLE 5—UNITED STATES CODE

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GOVERNMENT ORGANIZATION AND EMPLOYEES

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§ 5315. Positions at level IV

Level IV of the Executive Schedule applies to the following positions, for which the annual rate of basic pay shall be the rate determined with respect to such level under chapter 11 of title 2, as adjusted by section 5318 of this title:

* * * * * * *

.( ) *Assistant Secretary for Political-Military Affairs, Department of State.*

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